



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

Date:
02/15/20204
Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Last day to file petition with United States
Tax Court:

Release Number: 202419024

Release Date: 5/10/2024

UIL Code: 501.03-00

CERTIFIED MAIL - Return Receipt Requested

Dear _____:

Why we are sending you this letter

This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective _____ . Your determination letter dated _____ , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Organization fails to demonstrate that operates, supervised, or controlled by or in connection with its supported organization per section 1.509(a)-4(d)(2) of the regulations. Organization does not operate as a 509(a)(3) Type III non-functionally integrated supporting organization. As an alternative position, the government gave the organization the opportunity to modify their current activities and primarily engage in activities that are charitable and/or educational as described in Internal Revenue Code 501(c)(3). Organization signed Form 6018 on _____ selecting their exempt to be revoked.

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. 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:

Internal Revenue Service
Taxpayer Advocate Office

Telephone:

Fax:

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**

Date:
November 28, 2023
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:
Name:
ID number:

Telephone:
Fax:
Address:

Manager's contact information:
Name:
Telephone:
Response due date:

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 509(a)(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 509(a)(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

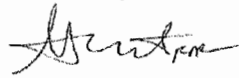
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

For 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(s) 6018

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

ISSUE(S):

Whether the _____ qualify for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code (Code) as a Type III non-functionally integrated _____ described in section 509(a)(3).

FACTS:

_____ was incorporated in the State of _____ April 19 _____.

Per the articles the purpose of this organization is to:

uphold and promote the welfare of _____, (hereinafter called the "_____"), as an _____, especially in the portion of the State of _____ commonly known as the _____ (hereinafter called the "_____");

By providing a medium through which _____ and _____ of the _____ may contribute to the welfare of the _____;

By facilitating, initiating, and participating in programs and projects aimed at developing and maintaining mutual understanding between _____, its _____, and _____ of the _____;

In _____ applied for tax exempt status from the Internal Revenue Service and was granted exemption via letter 947 October _____.

October _____ was contacted by the Internal Revenue Service regarding an examination of their _____ Form _____ return.

During the initial interview _____'s President and Director confirmed this organization was a regional _____ organization which collects _____ to support its various activities and programs. The activities included funding _____ program in addition to planning and hosting _____ aimed at _____ engagement.

_____ does not make any distributions to its _____. In the examination year of _____ also did not make any distributions on behalf of its _____.

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During the initial interview it was also stated _____ did not issue any correspondence or receive any from its _____ other than contact lists.

Per the 20 ____ Form ____ Schedule ____ Section ____ . All Type III Supporting Organizations, stated no to each of the following:

- 1) Did the organization provide to each of its _____, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?

- 2) Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).

- 3) By reason of the relationship described in line 2 above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.

In _____ did not hold any _____ events due to _____ and _____. This was documented in the board's meeting minutes dated _____. The meeting Minutes dated _____ were the only minutes provided by the organization for examination.

Per the Initial Document Request issued _____ meeting minutes were requested for all meeti_____ held by _____ for the year ending December 31, _____. In addition to copies of all _____ communications issued to and/or received from their sup_____ ted organization. Along with _____ planations and documentation to support all benefits paid to or for _____.

During a call with _____'s Director _____ on _____, _____ stated this organization conducts _____ on behalf of its _____ . Per the _____ website, _____ allows perspective _____ /first year _____ to be _____ from local _____ under the _____ (_____) along with current seniors. To volunteer individuals must join the _____ in order to access the _____ . The _____

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is used to streamline the . This is used to see assigned in the area, submit reports and review guidelines. is not solicited or contacted by its supported organization to conduct . The are conducted on an basis.

On Director emailed a series of documents to support the relationship between and its supported organization. The documentation included emails between a Director of as well as a Director on (), which is under the (). is not an employee or Director of the supported organization. The emails were sent to and addressed directly and contained information about his duties as an , as it relates to the . The series of emails do not support or document any communication between and its supported organization.

Additional documentation provided included letters issued by to / . The is an actual presented to . The recipients of the are selected by their / . The book is organized and controlled by the local/regional .

Also stated during the call with Director was that the was operated in connection with the supported organization to provide to current .

However, in the emailed documents submitted it is evident the () to which was referring is supported by in various locations throughout the . The selects local employers to be a part of this program in addition to, funding to work with the nonprofits for a period of weeks. According to the , provides a where (for profit and non-profit), and can post for . These and are at the discretion of regional/local and all other employers who pays to post does not work with its supported organization to provide the () .

Considering all the information and documentation reviewed during this examination, has not provided any substantiation to support that it is operated, supervised or controlled by or in connection with its .

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No documentation has been provided to support any communication between _____ and its _____ that demonstrate their activities are operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of its _____

_____ and its _____ does not have any common Officers or Directors.

_____ does not meet the distribution or attentiveness requirements to be recognized as a Type III non-functionally integrated Supporting Organization described in section 509(a)(3).

APPLICABLE LAW:

Internal Revenue Code 509(a)(3) describes an organization which-

(A) is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in paragraph (1) or (2),

(B) is--

(i) operated, supervised, or controlled by one or more organizations described in paragraph (1) or (2),

(ii) supervised or controlled in connection with one or more such organizations, or

(iii) operated in connection with one or more such organizations, and

(C) is not controlled directly or indirectly by one or more disqualified persons (as defined in section 4946) other than foundation managers and other than one or more organizations described in paragraph (1) or (2);

Treasury Regulation 1.509(a)(b) Organizational and operational tests. (1) Under subparagraph (A) of section 509(a)(3), in order to qualify as a supporting organization, an organization must be both organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of (hereinafter referred to in this section as being organized and operated to support or benefit) one or more specified publicly supported organizations. If an organization fails to meet either the organizational or the operational test, it cannot qualify as a supporting organization.

Treasury Regulation 1.509(a)-4(g) Meaning of operated, supervised, or controlled by. (1)(i) Each of the items operated by, supervised by, and controlled by, as used in section 509(a)(3)(B), presupposes a substantial degree of direction over the policies, programs, and activities of a supporting organization by one or more publicly supported

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organizations. The relationship required under any one of these terms is comparable to that of a parent and subsidiary, where the subsidiary is under the direction of, and accountable or responsible to, the parent organization. This relationship is established by the fact that a majority of the officers, directors, or trustees of the supporting organization are appointed or elected by the governing body, members of the governing body, officers acting in their official capacity, or the membership of one or more publicly supported organizations.

Treasury Regulation 1.509(a)-4(i)(2) Notification requirement—(i) Annual notification. For each taxable year, a Type III supporting organization must provide the following documents to each of its supported organizations:

(A) A written notice addressed to a principal officer of the supported organization describing the type and amount of all of the support the supporting organization provided to the supported organization during the supporting organization's taxable year immediately preceding the taxable year in which the written notice is provided (and during any other taxable year of the supporting organization ending after December 28, 2012, for which such support information has not previously been provided);

(B) A copy of the supporting organization's Form 990, "Return of Organization Exempt from Income Tax," or other annual information return required to be filed under section 6033 (although the supporting organization may redact from the return the name and address of any contributor to the organization) that was most recently filed as of the date the notification is provided (and any such return for any other taxable year of the supporting organization ending after December 28, 2012, that has not previously been provided to the supported organization); and

(C) A copy of the supporting organization's governing documents as in effect on the date the notification is provided, including its articles of organization and bylaws (if any) and any amendments to such documents, unless such documents have been previously provided and not subsequently amended.

Treasury Regulation 1.509(a)-4(i)(3) Responsiveness test—(i) General rule. A supporting organization meets the responsiveness test if it is responsive to the needs or demands of a supported organization. Except as provided in paragraph (i)(3)(v) of this section, in order to meet this test, a supporting organization must satisfy the requirements of paragraphs (i)(3)(ii) and (i)(3)(iii) of this section.

(ii) Relationship of officers, directors, or trustees. A supporting organization satisfies the requirements of this paragraph (i)(3)(ii) with respect to a supported organization only if-

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(A) One or more officers, directors, or trustees of the supporting organization are elected or appointed by the officers, directors, trustees, or membership of the supported organization;

(B) One or more members of the governing body of the supported organization are also officers, directors, or trustees of, or hold other important offices in, the supporting organization; or

(C) The officers, directors, or trustees of the supporting organization maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization.

(iii) Significant voice. A supporting organization satisfies the requirements of this paragraph (i)(3)(iii) only if, by reason of paragraphs (i)(3)(ii)(A), (i)(3)(ii)(B), or (i)(3)(ii)(C) of this section, the officers, directors, or trustees of the supported organization have a significant voice in the investment policies of the supporting organization, the timing of grants, the manner of making grants, and the selection of grant recipients by such supporting organization, and in otherwise directing the use of the income or assets of the supporting organization.

Treasury Regulation 1.509(a)-4(i)(5) Integral part test—non-functionally integrated Type III supporting organization—(i) General rule. A supporting organization meets the integral part test and will be considered non-functionally integrated if it satisfies either—

(A) The distribution requirement of paragraph (i)(5)(ii) of this section and the attentiveness requirement of paragraph (i)(5)(iii) of this section; or

(B) The pre-November 20, 1970 trust requirements of paragraph (i)(9) of this section.

Treasury Regulation 1.509(a)-4(i)(5)(ii) Distribution requirement—(A) Annual distribution. With respect to each taxable year, a supporting organization must distribute to or for the use of one or more supported organizations an amount equaling or exceeding the supporting organization's distributable amount for the taxable year, as defined in paragraph (i)(5)(ii)(B) of this section, on or before the last day of the taxable year.

(B) Distributable amount. Except as provided in paragraphs (i)(5)(ii)(D) and (E) of this section, the distributable amount for a taxable year is an amount equal to the greater of 85 percent of the supporting organization's adjusted net income (as determined by applying the principles of section 4942(f) and § 53.4942(a)-2(d) of this chapter) for the taxable year immediately preceding the taxable year of the required distribution (immediately preceding taxable year) or its minimum asset amount (as defined in paragraph (i)(5)(ii)(C) of this section) for the immediately preceding taxable year,

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reduced by the amount of taxes imposed on the supporting organization under subtitle A of the Internal Revenue Code during the immediately preceding taxable year.

(C) Minimum asset amount. For purposes of this paragraph (i)(5), a supporting organization's minimum asset amount for the immediately preceding taxable year is 3.5 percent of the excess of the aggregate fair market value of all of the supporting organization's non-exempt-use assets (determined under paragraph (i)(8) of this section) in that immediately preceding taxable year over the acquisition indebtedness with respect to such non-exempt-use assets (determined under section 514(c)(1) without regard to the taxable year in which the indebtedness was incurred), increased by—

(1) Amounts received or accrued during the immediately preceding taxable year as repayments of amounts which were taken into account by the organization to meet the distribution requirement imposed in this paragraph (i)(5)(ii) for any taxable year;

(2) Amounts received or accrued during the immediately preceding taxable year from the sale or other disposition of property to the extent that the acquisition of such property was taken into account by the organization to meet the distribution requirement imposed in this paragraph (i)(5)(ii) for any taxable year; and

(3) Any amount set aside under paragraph (i)(6)(v) of this section to the extent it is determined during the immediately preceding taxable year that such amount is not necessary for the purposes for which it was set aside and such amount was taken into account by the organization to meet the distribution requirement imposed in this paragraph (i)(5)(ii) for any taxable year.

Treasury Regulation 1.509(a)-4(i)(5)(iii) Attentiveness requirement—(A) General rule. With respect to each taxable year, a non-functionally integrated Type III supporting organization must distribute one-third or more of its distributable amount to one or more supported organizations that are attentive to the operations of the supporting organization (within the meaning of paragraph (i)(5)(iii)(B) of this section) and to which the supporting organization is responsive (within the meaning of paragraph (i)(3) of this section).

(B) Attentiveness. A supported organization is attentive to the operations of the supporting organization during a taxable year if, in the taxable year, at least one of the following requirements is satisfied:

(1) The supporting organization distributes to the supported organization amounts equaling or exceeding 10 percent of the supported organization's total support (or, in the case of a particular department or school of a university, hospital, or church, the total support of the department or school) received

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during the supported organization's last taxable year ending before the beginning of the supporting organization's taxable year.

(2) The amount of support received from the supporting organization is necessary to avoid the interruption of the carrying on of a particular function or activity of the supported organization. The support is necessary if the supporting organization or the supported organization earmarks the support for a particular program or activity of the supported organization, even if such program or activity is not the supported organization's primary program or activity, as long as such program or activity is a substantial one.

(3) Based on the consideration of all pertinent factors, including the number of supported organizations, the length and nature of the relationship between the supported organization and supporting organization, and the purpose to which the funds are put, the amount of support received from the supporting organization is a sufficient part of a supported organization's total support (or, in the case of a particular department or school of a university, hospital, or church, the total support of the department or school) to ensure attentiveness. Normally the attentiveness of a supported organization is influenced by the amounts received from the supporting organization. Thus, the more substantial the amount involved in terms of a percentage of the supported organization's total support, the greater the likelihood that the required degree of attentiveness will be present. However, in determining whether the amount received from the supporting organization is sufficient to ensure the attentiveness of the supported organization to the operations of the supporting organization (including attentiveness to the nature and yield of the supporting organization's investments), evidence of actual attentiveness by the supported organization is of almost equal importance. A supported organization is not considered to be attentive solely because it has enforceable rights against the supporting organization under state law.

Treasury Regulation 1.509(a)-4(i)(4)(ii)(D) Payments to individual beneficiaries. The making or awarding of grants, scholarships, or other payments to individual beneficiaries who are members of the charitable class benefited by a supported organization will be treated as an activity that directly furthers the exempt purposes of that supported organization for purposes of this paragraph (i)(4) only if—

(1) The individual beneficiaries are selected on an objective and nondiscriminatory basis (as described in § 53.4945-4(b));

(2) The officers, directors, or trustees of the supported organization have a significant voice in the timing of the payments, the manner of making them, and the selection of recipients; and

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(3) The making or awarding of such payments is part of an active program of the supporting organization that directly furthers the exempt purposes of the supported organization and in which the supporting organization maintains significant involvement, as defined in § 53.4942(b)-1(b)(2)(ii) (except that "supporting organization" shall be substituted for "foundation").

GOVERNMENT'S POSITION:

. must satisfy not only an operational test, but also an organizational test. It must be organized in a manner which demonstrates that it is operated, supervised, or controlled by or in connection with its per section 1.509(a)-4(d)(2) of the regulations.

During the examination of Form return no support was provided to substantiate that the has a significant voice in any operations. The examination also revealed does not share common officers or directors with its

TAXPAYER'S POSITION:

This organization does not agree with the proposed revocation.

During a conference call with the organization Director stated the organization does meet the requirements to be recognized as a organization because:

1) This organization gives out a . The is an sent to . The recipient(s) of this are by their respective . The is selected by the and is sent to by this organization on behalf of .

2) This organization funds (s). The is offered to

3) This organization utilizes its on a volunteer basis to perform . The provides the names of in the region to assist with . This organization utilizes a managed by its to transmit information.

CONCLUSION:

Considering all the facts and circumstances we have determined has none of the features required of an organization which is operated, supervised, or controlled by or in connection with . Accordingly,

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your organization cannot be classified as an organization described in section 509(a)(3) of the Code.

The IRS proposes to revoke _____ tax-exempt status under IRC section 501(c)(3) for the year ending December 31, _____, effective January 1, _____.

Should this position be upheld, Form(s) _____, should be filed for tax period ending December 31, _____ forward.

Please refer to the attached 30-day letter and IRS publications for the options available to the organization including appeal rights.

You have the right to file a protest if you disagree with this determination. To protest, you must submit a statement of your position and fully explain your reasoning within 30 days from the date of this letter. Details of filing a protest can be found in the enclosed publications.

If you agree with this conclusion, please sign and return the enclosed Form _____.

Alternative Position

Issue:

Whether _____ qualifies for exemption as a 501(c)(3) under Internal Revenue Code § 509(a)(2).

Facts

During the examination of _____ return the service determined the organization did not meet the requirement to be classified as a Type III non-functionally integrated Supporting Organization described in section 509(a)(3).

_____ was incorporated in _____. Its Certificate of Incorporation provides that its purposes "shall be exclusively charitable and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954. Per the Articles the purpose goes on to mention upholding and promoting _____ and _____ (_____).

_____ is a reginal _____ which collects to support its various activities and programs. The activities include _____ in addition to planning and _____ aimed at _____.

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_____ receives more than one-third of its support from _____, and gross receipts from _____ to the extent these activities are not an unrelated trade or business. Also, _____ does not receive more than one-third of its support from gross investment.

Per the dissolution clause in the Articles of Incorporation Filed _____ upon dissolution all assets shall be paid over to _____ to be used for exclusively charitable or _____ purposes. Therefore, upon dissolution net assets will be distributed for exempt purposes within the meaning of IRC 501(c)(3).

Law

Internal Revenue Code 501(c)(3)- Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Treasury Regulation §1.501 (c)(3)-1 (c)(1) states in part that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities which accomplish one 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.

Treasury Regulation §1.501 (c)(3)-1 (c)(2) states in part that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

Treasury Regulation §1.501 (c)(3)-1 (d)(2)-The term charitable is used in section 501(c)(3) in its generally accepted legal sense and is, therefore, not to be construed as limited by the separate enumeration in section 501(c)(3) of other tax-exempt purposes which may fall within the broad outlines of charity as developed by judicial decisions. Such term includes: Relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening of the burdens of Government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions;

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(ii) to eliminate prejudice and discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

Treasury Regulation §1.501 (c)(3)-1 (d)(3) Educational defined—(i) In general. The term educational, as used in section 501(c)(3), relates to:

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

Internal Revenue Code 509(a)(2) an organization which--

(A) normally receives more than one-third of its support in each taxable year from any combination of--

- (i) gifts, grants, contributions, or membership fees, and
- (ii) gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not an unrelated trade or business (within the meaning of section 513), not including such receipts from any person, or from any bureau or similar agency of a governmental unit (as described in section 170(c)(1)), in any taxable year to the extent such receipts exceed the greater of \$5,000 or 1 percent of the organization's support in such taxable year, from persons other than disqualified persons (as defined in section 4946) with respect to the organization, from governmental units described in section 170(c)(1), or from organizations described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)), and

(B) normally receives not more than one-third of its support in each taxable year from the sum of--

- (i) gross investment income (as defined in subsection (e)) and
- (ii) the excess (if any) of the amount of the unrelated business taxable income (as defined in section 512) over the amount of the tax imposed by section 511;

Governments Position

_____ was granted exempt status as a _____ in _____. However, per the Service's examination _____ does not qualify as a _____ described in section 509(a)(3).

| | | |
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As an alternative to revocation of the organizations exempt status the service is proposing an alternative position.

Whereas _____ financial support is aligned with the parameters listed in Internal Revenue Code 509(a)(2) and the current organizing documents of _____ meets the organizational requirements of a publicly supported organization within the meaning of Internal Revenue Code 509(a)(2).

_____ would need to modify their current activities and primarily engage in activities that are charitable and/or educational as described in Internal Revenue Code 501(c)(3) which would then qualify the organization for exemption.

Taxpayers Position

The _____ is in the process of _____ the organization.

Conclusion

Position 1: _____ to the revocation with the effective date _____

If _____ agrees with this conclusion please sign and return the enclosed Form _____ indicating, Revocation of ruling or determination letter granting tax-exempt status as an organization described in section 501(c)(3).

Position 2: As an alternative to the revocation of tax exempt status the Service is proposing to reclassify the organization as a _____ within the meaning of Internal Revenue Code 509(a)(2).

If _____ agrees to be primarily engaged in activities described as charitable and/or educational as described in Internal Revenue Code 501(c)(3) and provide a written description of those activities, the organization may agree to be reclassified as a publicly supported organization within the meaning of Internal Revenue Code 509(a)(2) and retain their exemption status by signing the alternate Form 60 _____, indicating classification as an organization described in section 509(a)(2), effective _____