



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

Date:

April 25, 2024

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:

July 24, 2024

Release Number: 202429018

Release Date: 7/19/2024

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: You did not produce documents to establish that you are organized and operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(3), and that no part of your net earnings inure to the benefit of private shareholders or individuals. You failed to respond to repeated reasonable requests to allow the Internal Revenue Service to examine your records regarding your receipts, expenditures, or activities, as required by IRC Sections 6001 and 6033(a)(1) and Revenue Ruling 59-95, 1959-1 C.B. 627. As such, you failed to meet the requirements of IRC Section 501(c)(3) and Treasury Regulations Section 1.501(c)(3)-1(a), in that you have not demonstrated that you were organized and operated exclusively for exempt purposes and that no part of your earnings inured to the benefit of private shareholders or individuals.

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.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

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 if 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. Visit TaxpayerAdvocate.IRS.gov/contact-us or call 877-777-4778 (TTY/TDD 800-829-4059) to find the location and phone number of your local advocate. Learn more about TAS and your rights under the Taxpayer Bill of Rights at TaxpayerAdvocate.IRS.gov. Do not send your Tax Court petition to TAS. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.

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 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**

Digitally signed by Lynn
A. Brinkley
Date: 2024.04.22
12:26:03 -04'00'

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:
03/13/2024
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:
04/12/2024

CERTIFIED MAIL – Return Receipt Requested

Dear

Why you're receiving this letter

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

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

John A. Matias

John A Matias, Supervisory, Internal Revenue Agent

For Lynn A. Brinkley

Director, Exempt Organizations

Examinations

Enclosures:

Form 886-A

Form 6018 & Form 4621

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

Date of Notice:

Issues:

- 1) Whether EO should be revoked on the basis that it doesn't meet the operational test under Treas. Reg. 1.501(c)(3)-1(c).
- 2) Whether (the Organization) which qualified for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, should be revoked due to its failure to keep such records to file an annual return stating items of gross income, receipts, and disbursements, and other such information.
- 3) Whether (the Organization) which qualified for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, should be revoked due to its failure to respond and produce records?

Facts:

Organizational Information

The Organization applied for tax-exempt status by filing the Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, on , and was granted tax-exempt status as a 501(c)(3) on , effective

An organization exempt under IRC §501(c)(3) needs to be organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes and to foster national and amateur sports competition.

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

Operational Information

Operate a ()

The Organization is a offering both and a

. Its mission statement is to

. During its fiscal years,

the Organization was located at

Archived Website

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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The Organization's Form 990 did not disclose a website for the Organization. An Internet search of the Organization's name returned various third-party sites such as , , and . These sites are known for providing either reviews on businesses or information on nonprofits. A brochure that was provided in response to the first Information Document Request (IDR) for tax year , had a website for the printed on it. The website address is . An attempted Internet search of this address returned a broken link. However, a search using the website, " , " did return an archived site, for the Organization, active between . The archived site contained links and information consistent with the Organization's exempt purpose, per its 1023 application for exemption.

Information Document Request #1 – for tax year ended

On , Revenue Agent issued IDR#1, with a response due date, . On , the case was transferred to Revenue Agent . On , Revenue Agent contacted the Power of Attorney for the Organization to follow-up on the IDR response. The POA advised he did not receive the IDR and requested for it to be sent again. Revenue Agent provided two weeks to respond to the IDR and advised if no response is provided, the exemption would be subject to revocation. On , the Organization provided a response to IDR #1 to Revenue Agent . On , the case was transferred again to Revenue Agent

Per the Internal Revenue Manual procedure 4.75.12.10, when an organization is under examination, the organization's returns for the prior and subsequent years of the tax year under examination are to be evaluated. While performing this procedure, RA identified issues on the subsequent year returns which warranted expanding the examination to tax years ending and .

Dates of Correspondence

- On RA mailed the following, regarding tax years ending and , to :
- o L5464 Information Document Request Cover Letter
- o F4564 Information Document Request #1, advising that the examination has been expanded to tax years ending and and requesting information in response to the examination.

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- The IDR also advised the organization to provide a F2848 Power of Attorney and Declaration of Representative if they wanted to have a POA represent them on these tax years.
- L3164-K Third Party Contact
- A response to this IDR was due on .
- On , RA learned that the documents mailed on were returned to sender with no available forwarding address.
- On , RA contacted the POA representing the Organization for tax year and asked for an updated address for the Organization. Because the POA was not authorized to represent the Organization on tax years ending and , it was not disclosed to him that the examination was expanded. The POA provided a new address of .
- On , RA mailed the following, regarding tax years ending and , to the new address, :
 - L5464 Information Document Request Cover Letter
 - F4564 Information Document Request #1, advising that the examination has been expanded to tax years ending and and requesting information in response to the examination.
 - The IDR also advised the organization to provide a F2848 Power of Attorney and Declaration of Representative if they wanted to have a Power of Attorney to represent them on these tax years.
 - L3164-K Third Party Contact
 - A response to this IDR was due on .
- On / / , RA and , to
 - L5077-B TE/GE IDR Delinquency Notice, for failure to respond to the previously sent Information Document Requests.

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- F4564 Information Document Request #1, advising that the examination has been expanded to tax years ending _____ and _____ and requesting information in response to the examination.
- The IDR also advised the organization to provide a F2848 Power of Attorney and Declaration of Representative if they wanted to have a Power of Attorney to represent them on these tax years.
- L3164-K Third Party Contact
- A response to the letter was due on _____.
- On _____, during a meeting with the group manager, RA _____ learned that the delinquency letter should have sent certified.
- On _____, RA _____ mailed L5077-B TE/GE IDR Delinquency Notice by certified mail, for failure to respond to the previously sent Information Document Requests, to _____
 - A response to the letter was due on _____.
- On _____, RA _____ researched the tracking information for the correspondence mailed on _____. The tracking information showed the letter was returned as unknown addressee on _____ at _____.
- On _____, RA _____ contacted the POA representing the Organization for the tax year ending on _____. Another updated address was requested for the Organization to provide documents pertaining to the tax year ending on _____, _____. Because the POA was not authorized to represent the Organization on tax years ending _____ and _____, it was not disclosed to him that the examination was expanded. The POA advised that the business was closed and requested for the documents pertaining to tax year ending on _____ to be mailed to his address at _____.
- On _____, RA _____ asked the POA since the business is closed, if the organization has terminated its exemption status. RA _____ further asked if there was a forwarding address or if the Director, _____, or Board Member, _____ had an available address. RA _____ finally advised the POA that although he would receive a copy of the documents pertaining to the examination for tax year ending _____, the documents do have to be mailed to the Organization. He was further advised that this is how the IRS ensures that the Organization is notified of all actions on the examination.

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- On _____, the POA representing the Organization for the tax year ending on _____ advised that he would find out and respond soon.

Law:

Internal Revenue Code (IRC) §501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder or individual.

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

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

IRC §6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Treasury Regulations (Regulation) 1.501(c)(3)-1 In order to be exempt under §501(c)(3) the organization must be both organized and operated exclusively for one or more of the purposes specified in the section. (religious, charitable, scientific, testing for public safety, literary or educational).

Regulation §1.501(c)(3)-1(a)(1) of the regulations states that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Regulation 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will not

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

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

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

Regulation §1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

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

Rev. Ru/. 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

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organization has not established that it is observing the conditions required for the continuation of exempt status.

Organization’s Position:

The Organization’s position is unknown at this time.

Government’s Position

Based on the above facts, the organization did not provide a complete response to verify that they are organized and operated exclusively for one or more of the purposes specified in IRC §501(c)(3). If an organization fails to meet either the organizational test or the operational test, it is not exempt.

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

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

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

Conclusion:

Based on the foregoing reasons, the Organization does not qualify for exemption under IRC §501(c)(3) and its tax-exempt status should be revoked.

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

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Form 1120, *U.S. Corporation Income Tax Return*, should be filed for the tax periods beginning _____ and all periods thereafter.