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

[redacted]

Release Number: 202637010
Release Date: 9/11/26
UIL Code: 501.03-00

Date:
[redacted]
Taxpayer ID number (last 4 digits):
[redacted]
Form:
[redacted]
Tax periods ended:
[redacted]
Person to contact:
Name: [redacted]
ID number: [redacted]
Telephone: [redacted]
Fax: [redacted]
Last day to file petition with United States Tax Court:
[redacted]

CERTIFIED MAIL - Return Receipt Requested

Dear [redacted]:

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 [redacted]. Your determination letter dated [redacted], is revoked.

Our adverse determination as to your exempt status was made for the following reasons: You have not demonstrated that you are operated exclusively for exempt purposes within the meaning of Section 501(c)(3). Our review shows that your activities serve the private interests of specific residents of your community, which fails to meet the organizational requirements under § 501(c)(3). Federal tax law mandates that exempt organizations be organized and operated exclusively for purposes described in Internal Revenue Code Section 501(c)(3).

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**.

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.

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,

[redacted]

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 Examinations
[redacted]

[redacted]

Date:
[redacted]
Taxpayer ID number:
[redacted]
Form:
[redacted]
Tax periods ended:
[redacted]
Person to contact:
Name: [redacted]
ID number: [redacted]
Telephone: [redacted]
Fax: [redacted]
Address: [redacted]
Manager's contact information:
Name: [redacted]
ID number: [redacted]
Telephone: [redacted]
Response due date:

CERTIFIED MAIL – Return Receipt Requested

Dear [redacted]:

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,

[redacted]

Sean P. Henderson
Supervisory Internal Revenue Agent

Enclosures:
Form 886-A
Form 6018
Form 4621-A
Publication 892
Publication 3498

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

ISSUE:

Whether the [redacted] (hereafter the Organization) continues to qualify for exemption as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

FACTS:

Organization is an I.R.C. § 501(c)(3) public charity exempts from tax under section 501(a). The organization was established as a publicly supported organization pursuant to sections 509(a)(l) and l70(b)(1)(A)(vi) in [redacted], according to a determination letter dated [redacted].

The Organization was incorporated in the State of [redacted] as a Non-Profit Corporation on [redacted]. The Organization's purposes were described in its Articles of Incorporation as "The corporation is organized exclusively for charitable, educational, religious, or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code".

The Organization's initial activities were stated in its application for exemption as "Raise funds for [redacted], [redacted] [redacted] caused damage to on [redacted]. The [redacted] need repaired/replaced as a result. The [redacted]".

The Organization's Form 990-N for the tax year ended [redacted] was selected for examination. Based on inspection of current and subsequent Years' books and records, the Organization had no financial activities except the few donations from local residences and community:

Based on inspection of current and subsequent years' books and records from tax years [redacted] to [redacted], the Organization reported cash donations, and [redacted] expenditures.

[redacted]		[redacted]		[redacted]	
Revenues		Revenues		Revenues	
Date	Donation	Date	Donation	Date	Donation
[redacted]	[redacted] [redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted] [redacted]
[redacted]	[redacted] [redacted]	[redacted]	[redacted] [redacted]	[redacted]	[redacted] [redacted]

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

[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]		
	[redacted]		
	[redacted]		
Total Income	[redacted]	[redacted]	[redacted]
Total Expenses	[redacted]	[redacted]	[redacted]
Net Income	[redacted]	[redacted]	[redacted]
Assets	[redacted]	[redacted]	[redacted]
Liabilities	[redacted]	[redacted]	[redacted]

[redacted]; it is owned and operated by the [redacted]. The [redacted] has approximately [redacted], only the members and their guests from the Community have the rights to use and enjoy the [redacted].

During the follow up phone interview on [redacted], who is the current director of the Organization, stated that the Organization was formed to raise money solely for the rehabilitation of the [redacted]. The [redacted] and home to an active nest of [redacted], the [redacted].

To date the Organization has raised [redacted] according to handwritten bank activity and bank statements showing deposits over the last [redacted] years.

Currently the repairs to the [redacted] are in the design phase, Organization activity does not show any disbursements.

Access to the [redacted] is not allowed. The signs on the roads showing as [redacted]" and " Dead End Private Road, No Soliciting No Trespassing".

The Organization is to build/repair [redacted] that only benefit residents on the [redacted].

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

LAWS:

(IRC) Section 501(c)(3) provides exemption from Federal income tax on 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, 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, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Treas. Reg. 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 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.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) states 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 exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than in insubstantial part of its activities is not in furtherance of an exempt purpose.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(i) states that an organization may be exempt as an organization described in section 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that to be charitable, an organization must serve a public rather than a private interest. The organization must demonstrate 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.

In Columbia Park and Recreation Association, Inc. v. Commissioner, 88 T.C. 1 (1987), aff'd in unpublished opinion 838 F. 2d 465 4th Cir.. 1988), the court upheld denial of exemption under Section 501(c)(3) to an organization formed to develop and operate utilities, systems, services, and facilities "for the common good and social welfare" for a private real estate development with a population of over 100,000 residents. The development was neither an incorporated city nor other form of political subdivision. The court considered this fact significant in concluding that the organization was "...merely an aggregation of homeowners and tenants bound together in a structural unit formed as an integral part of a plan for the development of real estate." As such, it lacked a "sufficient public element" to be a "community at large" in the charitable context.

In Wendy Parker Rehabilitation EO, Inc. v. Commissioner, T.C. Memo 1986-348, an organization was formed to aid coma victims, however 30% of funds went to the benefit of Wendy Parker. Significant contributions were made to the organization by the Parker family, and the Parker family controlled the organization. Wendy's selection as a substantial recipient of funds substantially benefited the Parker family by assisting with the economic burden of caring for her. The benefit didn't flow primarily to the public as required under Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii). Therefore, the EO was not exempt under IRC Section 501(c)(3).

Rev. Rul. 69-175, 1969-1 C.B. 149, states that when a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest. By providing bus transportation for school children, the organization is enabling the participating parents to fulfill their individual responsibility of transporting their children to school. Thus, the organization serves a private rather than a public interest. Accordingly, it was not exempt from federal income tax under IRC Section 501(c)(3).

Rev. Rul. 71-395. 1971-2 C.B. 228, holds that a cooperative art gallery formed and operated by a group of artists for the purpose of exhibiting and selling their works does not qualify for exemption under IRC Section 501 (c)(3). The IRS concluded that the cooperative gallery served the private purposes of its members, even though the exhibition and sales of paintings were also educational in some respects.

TAXPAYER'S POSITION:

The Organization admits the [redacted] is not open to the public. The purpose of fundraising was to [redacted] that only benefits residents on the [redacted]. The Organization issued a letter on [redacted] stating their intention to dismantle the Organization.

GOVERNMENT'S POSITION:

The Organization did not engage in any activities in furtherance of exempt purposes described in section 501(c)(3).

The Organization's tax-exempt status should be revoked due to the fact that the [redacted] is owned by residents around the [redacted], the roads were restricted for members of the [redacted]; the [redacted] repairment funds were only to benefit the residents around the [redacted]. The Organization dis not meets the operational test for section 501(c)(3) organizations. See Treas. Regs. secs. 1.501(c)(3)-1(a)(1), (c)(1).

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

CONCLUSION:

The Organization fails to satisfy the operational requirements for continued exemption under section 501(c)(3) of the Code because it has not been conducting any activities that accomplish one or more of the exempt purposes in section 501(c)(3). Therefore, the Organization's tax-exempt status should be revoked effective [redacted]. Form 1120, U.S. Corporation Income Tax, should be filed for tax year ended [redacted], and thereafter.

If you agree to this conclusion, please sign and return the enclosed Form 6018.

If you disagree, please submit a statement of your position.