



DEPARTMENT OF THE TREASURY

Internal Revenue Service
TE/GE EO Examinations
1100 Commerce Street MC 4920 DAL
Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: FEB 12 2018

Release Number: 201830020
Release Date: 7/27/2018
UIL Code: 501.03-00

Person to Contact:
Identification Number:
Telephone Number:
In Reply Refer to: TE/GE Review Staff

LAST DATE FOR FILING A PETITION
WITH THE TAX COURT:

CERTIFIED MAIL - Return Receipt Requested

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you dated September 13, 20XX, is hereby revoked and you are no longer exempt under section 501(a) of the Code, effective January 1, 20XX.

Our adverse determination was made for the following reasons:

You have not established that you are operated exclusively for an exempt purpose or that you have been engaged primarily in activities that accomplish one or more exempt purposes as required by Treas. Reg. section 1.501(c)(3)-1(a)(1).

You have not established that no part of your net earnings inure to the benefit of any private shareholder or individual.

Contributions to your organization are no longer deductible under section 170 of the Code.

You are required to file Federal income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the year ending December 31, 20XX and for all years thereafter.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest: this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this

determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. You may write to the courts at the following addresses:

United States Tax Court
400 Second Street, NW
Washington, DC 20217

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20005

U. S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, DC 20001

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. We 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 our assistance, which is always free, we will do everything possible to help you. Visit taxpayeradvocate.irs.gov or call 1-877-777-4778.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Maria Hooke
Director, Exempt Organizations Examinations

Enclosures:
Publication 892



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

Date:
December 19, 2017
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact:

Employee ID:

Telephone:

Fax:

Manager's Contact Information:

Employee ID:

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 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

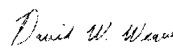
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For additional information

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,



Digitally signed by David W. Weaver
DN: cn=David W. Weaver, ou=Internal
Revenue Service, ou=People,
serialNumber=558073, c=David W. Weaver
Date: 2017.12.19 11:13:43 -0800

For **Maria Hooke**
Director, Exempt Organizations
Examinations

Enclosures:
Form 4621-A
Form 886-A
Form 6018

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer:		Year/Period Ended: December 31, 20XX

Issues:

Does (EO) continue to qualify for exemption from Federal income tax under Internal Revenue Code section 501(c)(3)?

Facts:

The EO incorporated in the state of on 06/03/XX, at that time the EO's name was

Article IV of the EO's Articles of Incorporate stated the EO's purpose as:

INFORMATION DELETED

On 01/11/XX the EO amended its Articles of Incorporation to change its name to . The EO submitted a Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3)* to the Internal Revenue Service (Service) on 04/23/XX.

Form 1023 listed as the Director, CEO, and President and as Director, CFO, and Secretary. Part IV described its educational purpose:

INFORMATION DELETED

The Service issued Letter 947 dated 09/13/XX recognizing the EO as an exempt organization under Code section 501(c)(3) and as a public charity under Code section 170(b)(1)(A)(vi) effective on 06/03/XX.

The EO's Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, reports \$0 in total income and \$0 in total expenses. The expenses consist of \$0 in printing expenses, \$0 in video production, \$0 in bank fees, \$0 in website fees, and \$0 in administrative expenses.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer:		Year/Period Ended: December 31, 20XX

The EO's 20XX Form 990-EZ reports \$0 in total income and \$0 in total expenses. The expenses consist of \$0 in professional fees, \$0 in occupancy expenses, \$0 in printing expenses, and \$0 in registration fees.

The EO's 20XX Form 990-EZ reports \$0 in total income and \$0 total expenses. The expenses consist of \$0 grant expenses, \$0 in professional fees, \$0 in printing expenses, and \$0 in bank fees.

The EO's 20XX Form 990-EZ reports \$0 in total income of \$0 and \$0 in total expenses. The expenses consist of \$0 in professional fees and \$0 in printing expenses.

The EO did not file a Form 990 for the 20XX tax year.

Support was requested regarding the substantial 20XX revenue increase and the EO provided two documents. The first document is a letter from the EO to _____, thanking them for their commitment to donate \$0 (Attachment 1). The second document is an unsigned "Pledge Agreement" between _____ (" ") and the EO where _____ agreed to gift \$0 to the EO effective 01/01/XX (Attachment 2). The agreement states the EO will turn over \$0 to _____ and _____ to conduct research:

INFORMATION DELETED

Support was also requested regarding the substantial 20XX expense increase specifically related to the \$0 grant the EO provided _____ (). website (www. _____ .org) does not state that _____ is a tax-exempt entity; Service records show _____ is not a tax-exempt entity. _____ website represents _____ as a for-profit entity involving _____ research on child development. The website also describes _____ as _____ Director and Principal Investigator.

Support was requested to demonstrate the charitable purposes the grant provided to _____ but the EO did not provide any.

Law:

Code section 501(c)(3) exempts from federal income tax organizations 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.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer:		Year/Period Ended: December 31, 20XX

Federal Tax Regulations (Regulations) section 1.501(c)(3)-1(a) states in part that in order to be exempt as an organization described in Code section 501(c)(3), the 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. The term "exempt purpose or purposes", as used in this section, means any purpose or purposes specified in section 501(c)(3).

Regulations section 1.501(c)(3)-1(c)(1) provides that an organization will not be regarded as operated exclusively for exempt purposes if more than an insubstantial part of its activities is not in furtherance of exempt purposes.

Taxpayer's Position:

The Taxpayer agreed to the proposed revocation and committed to execute Form 6018.

Government's Position:

The EO does not continue to qualify for exemption under Code section 501(c)(3) because it did not demonstrate that it is carrying on a charitable activity. The EO was unable to demonstrate that it was carrying on any activities. The EO was afforded an opportunity to provide support to demonstrate that it was carrying on a charitable activity, or activities, in the subsequent years, but stated that the EO has not been active since 20XX.

Conclusion:

The EO does not continue to qualify for exemption under Code section 501(c)(3) because it did not demonstrate that it carries on a charitable activity. The effective date of the proposed revocation is 01/01/XX.