



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

Date:
August 26, 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: November 24, 2024

Release Number: 202447017
Release Date: 11/22/2024
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 have not demonstrated that you are both organized and operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC Section 501(c)(3). You did not engage in any activity that accomplished one or more exempt purposes under IRC Section 501(c)(3). As such, you failed to meet the requirement of IRC Section 501(c)(3) and Treasury Regulations Section 1.501(c)(3)-1(a).

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**.

Because you were a private foundation as of the effective date of the adverse determination, you are considered to be a taxable private foundation until you terminate your private foundation status under IRC Section 507. In addition to your income tax return, you must also continue to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, by the 15th day of the fifth month after the end of your annual accounting period.

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.

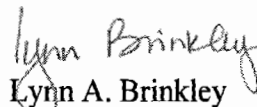
Find tax forms or publications by visiting IRS.gov/forms or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

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

Director, Exempt Organizations Examinations

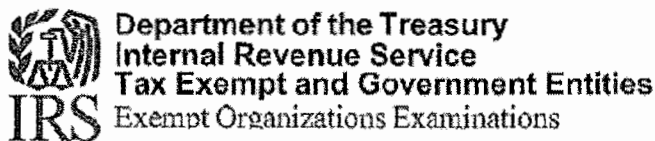
Enclosures:

Publication 1

Publication 594

Publication 892

cc:



Date:
03/12/2024
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:
04/11/2024

CERTIFIED MAIL – Return Receipt Requested

Dear

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

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

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

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

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

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

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

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

If we don't hear from you

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

Contacting the Taxpayer Advocate Office is a taxpayer right


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

Additional information

You can get any of the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,



Hilda Rodriguez
Group Manager

Enclosures:
Form 886-A
Form 6018

cc:

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 (<i>last 4 digits</i>)	Year/Period ended

ISSUE:

Whether _____, continues to qualify for exemption from Federal income tax under § 501(a) of the Internal Revenue Code (Code) as a charitable organization described in § 501(c)(3) of the Code.

FACTS:

_____ was incorporated under the laws of the State of _____ as a non-profit corporation in _____

As noted in the _____ current Articles of Incorporation, the organization's purpose is as follows:

On _____, _____ was granted exemption under 501(c)(3) sections 509(a) (1) and 170(b) (1) (A) (vi). They were given advance rulings from _____ to _____ and _____ later _____ became nonoperating private foundation.

In _____, the Tax Exempt and Governmental Entities (TE/GE) division of the IRS selected for examination the Form 990 return filed by _____ for the _____ calendar year. The notice of examination package issued to _____ is dated _____, and consists of IRS letter #6031, Form 4564, *Information Document Request (IDR)*, Publication 1, *Your Rights as a Taxpayer*, and Notice 609, *Privacy Act Notice*.

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or exhibit
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IDR #1 issued to _____ on _____, requests copies of the following records and information covering the _____ calendar year under examination:

- Copy of bank, credit card and investment statements for _____ through _____.
- Copy of the transaction register for PayPal, Venmo, cryptocurrency or other virtual payment for _____ through _____ (if applicable).
- Copies of financial records maintained electronically or in hard copy format including:
 - a. Chart of Accounts
 - b. Trial Balance (Beginning, Ending and Adjusted)
 - c. General Ledger
- Copy of auditor's report (if applicable).
- Written statement describing your exempt purpose(s) and current activities.
- Minute books showing any recorded meetings of your governing body (officers, directors, or trustees), including committee meetings.
- Copies of pamphlets, brochures, newsletters or other printed literature or advertising regarding your organization and its activities.

_____ was not able to produce any financial information as they did not have any activities. Initial interview was held on _____, at _____; _____, president's office location. Identified below are the persons interviewed, and their titles:

- _____, President (TP)
- _____, Comptroller
- _____, The organization's representative (POA)

During the interview, IRS examiner asked TP that during the response to IDR, organization provided bank statements which had bank balance as of end of year \$ _____ and Form 8283, Noncash Charitable Contributions noted that organization received \$ _____ worth of Arts. However, these were not included in the 990-PF return. TP admitted these should be reported.

_____ relied on previous accountant and was not aware of these requirements. Currently, the arts are in the storage room for future usage.

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or exhibit
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prevention of cruelty to children or animals. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Regulations § 1.501(c)(3)-1(c) of the regulations describes the operational test requirements for 501(c)(3) exemption. The operational test focuses on how the organization is actually operated, regardless of whether it is properly organized for tax-exempt purposes.

Regulations § 1.501(c)(3)-1(c)(1) of the regulations provides 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 § 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. This is referred to as the "primary activities" test.

Revenue Ruling 58-617, 1958-2 CB 260, (Jan. 01, 1958) Rulings and determinations letters granting exemption from federal income tax to an organization described in § 501(a) of the Internal Revenue Code of 1954, to which contributions are deductible by donors in computing their taxable income in the manner and to the extent provided by § 170 of the Code, are effective only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. Failure to comply with this requirement may result in serious consequences to the organization for the reason that the ruling or determination letter holding the organization exempt may be revoked retroactively to the date of the changes affecting its exempt status, depending upon the circumstances involved, and subject to the limitations on retroactivity of revocation found in § 503 of the Code.

GOVERNMENT'S POSITION

The EO has failed to show us that they meet the operational test for a § 501(c)(3) organization for the year under examination. In order to meet the operational test, they must show that they engage primarily in activities which accomplish one or more of such exempt purposes specified in section § 501(c)(3). We will not regard an organization as having met this test if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

As evidence of their failure to operate for exempt purposes, we reviewed the Form 990 filings and found no support for exempt operations. The originally filed Form 990-PF for year ended , did not show any operational or financial activities. In fact, they explicitly stated in Part I & Part II that all the line items were zeros. Same followed for previous years. Last five years , organization had no activities. The prior year returns also do not show any exempt purpose activities. Clearly, they have not been performing exempt purpose activities, which is required for a §501(c)(3) organization to keep their tax-exempt status. Accordingly, we are proposing revocation because they do not operate for exempt purposes.

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or exhibit
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TAXPAYER'S POSITION

The organization's president and organization's representative agreed that the organization has no operational or financial activities. Agent discussed revocation with the organization's president and organization's representative on _____, and they agreed to the proposed revocation as organization was not operating for an exempt purpose.

CONCLUSION

By not complying with the Code and Regulations, the organization has jeopardized its exempt status. They failed to show that they were operating for exempt purposes. They have failed to show any evidence of their exempt activities. We have no reason to believe that the EO is operating for exempt purposes.

As a result of the examination, we have determined that the EO is not operating for exempt purposes as a §501(c)(3) organization. They have not provided any information to the contrary. Accordingly, since the organization failed to operate primarily for exempt purposes, we are proposing revocation of their tax-exempt status, effective _____.

IRC 507 provides the exclusive method of termination of private foundation status. Until your private foundation status is terminated, excise taxes under Chapter 42 of the Code, including the taxes imposed under IRC 4941 and 4942, are still applicable.

Since the organization will no longer have tax-exempt status beginning _____, they are liable for filing Form 1120, *U.S. Corporation Income Tax Return*, and Form 990-PF, *Return of Private Foundation*, as of that date.

Please note that this Form 886-A, *Explanation of Items*, which is also known as the revenue agent report (RAR), constitutes an integral part of the attached 30-day letter #3618. Please refer to the attached letter #3618 for additional information including appeals rights and other options available to the organization and, the instructions for how to respond.

If you agree to this conclusion, please sign the attached Form.

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