



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

[REDACTED]

[REDACTED]

Release Number: 202450013

Release Date: 12/13/24

UIL Code: 501.03-00

**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 did not meet the operational test. Thus, you did not meet exemption under Internal Revenue Code Section 501(c)(3). Additionally, you failed to meet Treasury Regulation Section 1.501(c)(3)-1 because you did not operate in furtherance of your exempt purpose.

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.

Date:

September 18, 2024

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:

December 17, 2024

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](https://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](https://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](https://uscfc.uscourts.gov)

**US District Court for the District of Columbia**  
333 Constitution Avenue, NW  
Washington, DC 20001  
[dcd.uscourts.gov](https://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](https://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](https://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](https://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  
Exempt Organizations Examinations

[REDACTED]

[REDACTED]

Date: 11/13/2023  
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: 12/13/2023

**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 [insert code section] 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](http://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](http://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,



Michelle Henson signing for  
Lynn A. Brinkley  
Director, Exempt Organizations Examinations

**Enclosures:**

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498

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

**ISSUES:**

- 1) Whether [REDACTED] meets the operational test under Internal Revenue Code (IRC) section 501(c)(3) and continues to qualify for tax-exempt status under IRC section 501(c)(3).

**FACTS:**

[REDACTED] (organization) is recognized as exempt under Internal Revenue Code (IRC) section 501(c)(3) with public charity status 170(b)(1)(A)(ii) and with the effective date of exemption being [REDACTED]. The organization's current address is [REDACTED].

The organization was subject to an examination for the tax year ended [REDACTED]. The Revenue Agent (RA) researched the organization's address that was listed in the IRS database and on the return. The address that was listed on the IRS database and on the return was [REDACTED]. A quick [REDACTED] search was conducted on the address, and it appeared that the building was unoccupied by the organization. On the organization's Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*, part [REDACTED], line [REDACTED] it asked for the individual in care of the books and records, the number of that individual and the location. The individual listed was [REDACTED], the number was [REDACTED], and the address was [REDACTED]. Because [REDACTED] appears to be unoccupied by the organization, it was decided that the initial contact letter would be sent to [REDACTED], [REDACTED] as well.

On [REDACTED], Revenue Agent (RA) mailed Letter 6031, *Initial Exam Appointment*, Form 4564, *Information Document Request*, Publication 1, *Your Right as a Taxpayer*, Notice 609, *Privacy Act Notice* and Publication 5295, *Secure Messaging for Tax Exempt and Government Entities* to both of the addresses listed above. On [REDACTED], [REDACTED] the RA received a call from [REDACTED] President. The RA explained the examination process, went over the publications and notice, and scheduled an interview date. The teleconference interview was scheduled for [REDACTED] on [REDACTED].

During the interview with [REDACTED] the RA asked what the organization's activities were and what was the current situation with the location of the [REDACTED]. [REDACTED] stated that the organization started and continues to be a [REDACTED] around a [REDACTED] area. The operations of the [REDACTED] were from [REDACTED] – [REDACTED] between [REDACTED], including [REDACTED]. The [REDACTED] were also between [REDACTED] and [REDACTED]. As for the location situation, [REDACTED] stated that the [REDACTED] is currently looking at [REDACTED] places for the location. The [REDACTED] location ([REDACTED]) [REDACTED] increased their rent and the [REDACTED] ended up putting the building on sale.

During the examination, the organization responded to the initial document request (IDR), however, it appeared to be incomplete. There were also [REDACTED] variances between the books and records and the return. The RA ended up preparing a summons to their bank, [REDACTED] and to their tax preparer, [REDACTED]. The RA requested the bank statements from the bank and the work papers for the return from the tax preparer. The bank provided [REDACTED] bank statements for the months of [REDACTED] [REDACTED] and [REDACTED] for [REDACTED]. The bank statements did not help solve the variances between the books and records and the return. The tax preparer provided a [REDACTED] spreadsheet that they used to the prepare the return. [REDACTED] variances between the books and records and the return were resolved but not all.

On [REDACTED], the RA prepared another IDR. An exhibit of the variances between the books and records and the return was attached to the IDR. The IDR also asked the organization to provide an explanation for the variances and any supporting documents. On [REDACTED], the RA called [REDACTED] and stated that the response to the IDR was due. [REDACTED] requested a [REDACTED] [REDACTED] days to provide the response. The RA asked how the location search

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

was going. [REDACTED] stated that paying rent by herself is too high and that she decided to work for another individual at a different place. The RA then asked what the plans for [REDACTED] were, and [REDACTED] stated that she was [REDACTED].

There are no other individuals involved with [REDACTED] and records have not been provided to support that [REDACTED] was operating for an exempt purpose under IRC section 501(c)(3) during the tax period ending [REDACTED] or is currently operating for an exempt purpose.

**LAW:**

Internal Revenue Code (IRC) section 501(c)(3) states that an organization exempt from Federal income taxes are 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.

IRC section 6001 provides that every person liable for any tax imposed by the IRC, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

IRC section 6033(a)(1) provides, except as provided in IRC 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

Treas. Reg. 1.501(c)(3)-1(a)(1) 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.

Treas. Reg. 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). It further provides that an organization will not be so regarded if more than an insubstantial part of its activities isn't in furtherance of an exempt purpose.

Treas. Reg. section 1.6001-1(a) in conjunction with Treas. Reg. Section 1.6001-1(c) provides that every organization exempt from tax under IRC Section 501(a) and subject to the tax imposed by IRC Section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by IRC Section 6033.

Treas. Reg. section 1.6001-1(e) states that the books or records required by this section shall be kept at all times 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.

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

Treas. Reg section 1.6033-1(h)(2) 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 IRC Section 6033.

Revenue Ruling (Rev. Rul.) 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 IRC Section 6033 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 organization has not established that it is observing the conditions required for the continuation of exempt status.

**GOVERNMENT’S POSITION:**

The organization has not been operating since the year under audit with tax year ended [REDACTED]. The organization has also not filed any return since [REDACTED]. The organization has not consistently operated since [REDACTED] shows no concrete plans to operate, and has shown no reasonable acts or steps to begin operations. They have not provided additional information, as described in section 1.6033-1(h)(2) of the regulations, to support that they are currently operating for an exempt purpose under IRC section 501(c)(3). It is the government’s position to propose revocation to [REDACTED] due to the organization failing the operational test as described in IRC section 501(c)(3).

**TAXPAYER’S POSITON:**

The taxpayer agrees with the proposal of revocation due to the organization failing the operational test as described in IRC section 501(c)(3).

**CONCLUSION:**

[REDACTED] failed the operational test described in IRC section 501(c)(3). Therefore, the organization does not qualify for exemption under IRC section 501(c)(3) and its tax exempt status should be revoked effective [REDACTED].