



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

[REDACTED]

[REDACTED]

Release Number: 202450014  
Release Date: 12/13/24  
UIL Code: 501.03-00

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

**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.

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

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

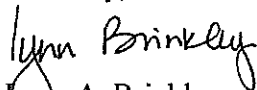
Find tax forms or publications by visiting [IRS.gov/forms](http://IRS.gov/forms) or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

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:  
1/31/2024

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:

3/1/2024

**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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

**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](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*

Michelle Henson  
Supervisor, Internal Revenue Agent,  
Exempt Organizations Examinations

Enclosures:  
Form 886-A  
Exhibit 1-7  
Form 6018  
Form 4621-A  
Publication 892  
Publication 3498

Form <b>886-A</b> (Rev. May 2017)	<b>EXPLANATIONS OF ITEMS</b>	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (Last 4 digits)	Year/Period ended.

**Issue:**

Whether \_\_\_\_\_'s tax-exempt status under IRC Section 501(c)(3) should be revoked on the grounds that:

1. It is not operated for a substantial exempt purpose, and there were no records to substantiate the organization's exempt activities.
2. The net earnings inured to the benefit of Disqualified Persons (President and Directors).

**Facts:**

The exempt organization (hereinafter referred to as EO), \_\_\_\_\_ was founded on \_\_\_\_\_, in the state of \_\_\_\_\_. \_\_\_\_\_ is a corporation under the laws of the State of \_\_\_\_\_. The organization was recognized as an exempt organization under Internal Revenue Code Section 501(c)(3) on \_\_\_\_\_, with effective date of \_\_\_\_\_, as per Internal Revenue Service's records. The letter stated that the organization was not a Private Foundation because it was an organization described in section 509(a)(1) of the Code. To date, this determination has not been changed. The current address of the organization is \_\_\_\_\_, which also serves as the resident of the president and the director or the organization.

According to the organization's \_\_\_\_\_, the organization is organized exclusively to \_\_\_\_\_.

**Exempt Organization's Activities:**

The Summary of Narrative Description of Activities on Form 1023 Application for Recognition of Exemption Under Section 501(c)(3) of Internal Revenue Code (See \_\_\_\_\_) state that the EO's activities include:

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During the initial interview on \_\_\_\_\_, at \_\_\_\_\_, the founder/president, and directors stated that the EO's activities included:

The directors stated that the organization holds various events at various locations during the years under examination, but there were no records provided to substantiate the where, who, and what exempt activities were conducted and those who received the benefits. It was clearly stated during the initial interview that the organization did not keep any records for those activities conducted by the EO.

Analysis of the exempt organization's bank statements reveals that the majority of the organization's income are from cash deposits from sources that cannot be substantiated by the organization's President and Directors. The majority of the expenses are cash withdrawals at different locations, cash transfers to \_\_\_\_\_ and \_\_\_\_\_, mortgage payments, credit cards payments, casinos expenses and other personal expenses that cannot be substantiated by the organization's President and Directors (See \_\_\_\_\_). The only expenses on the organization's Form 990, Return of Organization Exempt From Income Tax for the years ending \_\_\_\_\_, and \_\_\_\_\_, are Compensation of current officers, Directors, trustees, key employees, other salaries, and wages. There were no expenses related to the EO's exempt activities on the Form 990, Return of Organization Exempt From Income Tax.

The organization was granted an exemption on the fact that the organization will conduct the activities at stated on the Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of Internal Revenue Code stated above (See \_\_\_\_\_), but there were no records to substantiate that these activities benefited the general public.

Per the Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of Internal Revenue Code, the organization was founded by \_\_\_\_\_ who is the President of the organization. As stated in the initial interview, \_\_\_\_\_, his \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, are the Directors of the EO. \_\_\_\_\_ is the only one listed on the Form 990 as an officer or director of the EO. At the initial contact and interview with the EO's officers, it was determined that \_\_\_\_\_ is the \_\_\_\_\_ in charge of



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the EO's day to day activities, \_\_\_\_\_, and \_\_\_\_\_ are also involved in the running of the EO and were compensated during the year \_\_\_\_\_, and \_\_\_\_\_.

The President and Directors acknowledged that they did not keep any books and records for their activities during the initial interview and subsequent conversations with \_\_\_\_\_.

During the \_\_\_\_\_ interview, it was gathered that \_\_\_\_\_, and the President, \_\_\_\_\_, are the only signatory authority over the EO's checking accounts and approves all the financial transactions of the EO.

The responses and telephone conversation to the additional Form 4564-Information Document Request (IDR) ( \_\_\_\_\_ ) issued on \_\_\_\_\_, further revealed that the EO did not have any documentation to substantiate the personal transactions on the bank statements, and \_\_\_\_\_ out of \_\_\_\_\_ credit cards payments identified during the examination belong to the \_\_\_\_\_ of the EO's President, \_\_\_\_\_, while \_\_\_\_\_ belonged to the EO's President, \_\_\_\_\_. The Casinos, hotel stays, and other expenses were said to be for needy families, however no substantiation was provided to support what the expenses were for and that they were for an exempt purpose.

**Law:**

**Operating exclusively for one or more exempt purposes specified in section 501(c)(3):**

Internal Revenue Code (IRC) Section 501(c)(3) exempts from Federal income tax 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 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.

Treasury. Regulation (Treas. Reg.) 1.501(c)(3)-1(d)(i) states that an organization may be exempt as an organization described in 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. 1.501(c)(3)-1(a)(1) of the regulations provides that in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that

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Name of taxpayer	Tax Identification Number (Last 4 digits)	Year/Period ended.

section.

Treas. Reg. 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 section 501(c)(3).

IRC Section 501(c)(3), an organization which is organized and operated exclusively for an exempt purpose (and meets the other requirements of the provision) qualifies as a tax-exempt organization. In order for an organization to be exempt from Federal income taxes under Section 501(a) and (c)(3), it must satisfy both the organizational and operational tests of Section 1.501(c)(3)-1(b) and 1.501(c)(3)-1(c), Income Tax Regs.

In *Community Education Foundation v. Commissioner*, T.C. Memo 2016-223, it was determined that petitioner, Community Education Foundation, no longer qualified for exemption from Federal income tax under section 501(a) because it did not meet the operational test requirements for a section 501(c)(3) organization. Specifically, the organization in that case over time did not meaningfully organize or allocate resources to any of its activities. Community Education Foundation admitted to a significant period of inactivity and failed to demonstrate that it engaged in activities furthering exempt purposes described in section 501(c)(3).

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. 1.6001-1(a) in conjunction with Treas. Reg. 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. 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

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retained as long as the contents thereof may be material in the administration of any internal revenue law.

Treas. Reg 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 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.

**Earnings inure to the benefit of officers:**

Internal Revenue Code (IRC) Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation (Treas. Reg.) 1.501(c)(3)-1(a)(1) states that, to be exempt as an organization described in IRC 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(a)-1(c) provides the words private shareholder or individual in section 501 refer to persons having a personal and private interest in the activities of the organization.

Excess Benefit Transactions (EBT): are any transactions where an economic benefit is provided by an ATEO directly or indirectly to or for the use of any disqualified person if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit. See Internal Revenue Code (IRC) Section 4958(c)

Applicable Tax-Exempt Organizations (ATEO): are those generally described in Sections 501(c)(3) (except private foundations), 501(c)(4), 501(c)(29), and any organization that was described under the above-listed subsections at any time during the 5-year period ending on the

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date of the transaction. See IRC Section 4958(e).

Treas. Reg. 53.4958-3 states that Disqualified Persons (DP): includes persons who are in a position to exercise substantial influence over the affairs of the organization, members of the family of a disqualified person, 35% controlled entities, persons involved with a related Section 509(a)(3) supporting organization, donor/donor advisors involved in a transaction with a DAF, or investment advisors with respect to a sponsoring organization.

In *Greg R. Vinikoor v. Commissioner*, T.C. Memo. 1998-152, the United States Tax Court held that whether a financial transaction constitutes a loan depends on all the facts and circumstances, including whether,

1. There was a promissory note or other evidence of indebtedness,
2. Interest was charged,
3. There was security or collateral,
4. There was a fixed maturity date,
5. A demand for repayment was made,
6. Any actual repayment was made,
7. The transferee had the ability to repay,
8. Any records maintained by the transferor and/or the transferee reflected the transaction as a loan, and
9. The manner in which the transaction was reported for Federal tax purposes is consistent with a loan.

The Court stated, "A mere declaration by the taxpayers that they intended the transfer to constitute a loan is insufficient if the transaction fails to exhibit more reliable indicia of debt."

In *Rameses School of San Antonio, v. Commissioner of Internal Revenue*, T.C. Memo. 2007-85, 2007 WL 1061871 (U.S. Tax Ct. 2007) the court held that IRS properly revoked the exempt status under section 501(c)(3) of the Code of a school on the grounds that its earnings inured to the benefit of its founder, who also served as its executive director, president, and CEO. The record showed that the founder, Ms. Fennell, issued numerous organizations checks to herself and withdrew cash from organization accounts for which the record showed no documented business purpose. The record also contained thousands of dollars of expenditures directed to retail stores, credit card companies, financial institutions, Ms. Fennell's dentist, and other businesses for which there was no evidence of a business purpose or board authorization. Neither did the organization's records show that there was any documented system for either loans to and repayments by Ms. Fennell or for loans by Ms. Fennell and reimbursements from the school.

In *Founding Church of Scientology v. United States*, 412 F.2d 1197 (Ct. Cl. 1969), cert. den., 397 U.S. 1009 (1970), an organization argued that it had paid its founder for expenses incurred in

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connection with his services, made reimbursements to him for expenditures on its behalf, and made some payments to him as repayments on a loan. The organization could produce no evidence of contractual agreements for services, documents evidencing indebtedness, or any explanation regarding the purposes for which expenses had been incurred. The Court concluded that— “nothing we have found in the record dispels the substantial doubts the court entertains concerning the receipt of benefit by the Hubbards from plaintiff’s net earnings. Since plaintiff has failed to meet its burden of proof, we hold therefore that a part of the corporate net earnings was a source of benefit to private individuals.” Supra, at 1202.

**TAXPAYER’S POSITION:**

The taxpayer’s position on the issue is unknown at this time.

**Governments Position:**

**Operating exclusively for one or more exempt purposes specified in section 501(c)(3):**

The EO has failed to show us that they meet the operational test for tax exempt status under IRC Section 501(c)(3) for the years 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 organization did not show that they spent any money on their exempt functions. In fact, the only expenses on the organization’s Form 990 for the years ending \_\_\_\_\_, and \_\_\_\_\_, are compensation of current officers, directors, trustees, key employees, other salaries, and wages. The returns that they filed in those years show even less information about the organization’s exempt activities. There are no records to support that they have been performing exempt purpose activities since the year \_\_\_\_\_, which is required for a section 501(c)(3) organization to keep their tax-exempt status. Accordingly, we are proposing revocation because they do not operate for exempt purposes.

The EO has failed to provide records as is required in Code section 6033(a)(1) and Regulation 1.6033-1(h)(2). They failed to provide any organizational or financial information that support that the organization engaged in exempt activities, which were requested during the examination. These records were requested numerous times by mail and phone (See \_\_\_\_\_). The Directors agreed that the EO did not keep any books and records during the years under examination except for the bank statements, credit card statements for \_\_\_\_\_ of the cards identified during the review of the EO’s bank statements, and \_\_\_\_\_ Statements ( \_\_\_\_\_ to \_\_\_\_\_ ) for the year ending \_\_\_\_\_.

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Without substantiation of the organization's exempt activities, we cannot verify that they are operating according to their exempt purpose.

IRC 501(c)(3) requires an organization to be both "organized" and "operated" exclusively for one or more IRC 501(c)(3) purposes. If the organization fails either the organizational test or the operational test, it isn't exempt (See Treas. Reg. 1.501(c)(3)-1(a)(1)). The operational test applies to the organization's activities and how it furthers exempt purposes.

An organization will be regarded as operated exclusively for exempt purposes only if it engages primarily in activities which accomplish one or more of the following exempt purposes: religious, charitable, scientific, testing for public safety, literary, educational, fostering national or international sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), prevention of cruelty to children or animals (See Treas. Reg. 1.501(c)(3)-1(d)).

An organization won't meet the operational test if:

- More than an insubstantial part of its activities isn't in furtherance of an exempt purpose. See Treas. Reg. 1.501(c)(3)-1(c)(1).
- Its net earnings inure in whole or in part to the benefit of private shareholders or individuals, furthering private (rather than public) interests. See Treas. Reg. 1.501(c)(3)-1(c)(2).
- A substantial part of an organization's activities is attempting to influence legislation by its direct contact, or in urging the public to contact members or employees of a legislative body to propose, advocate and support for the adoption or the rejection of legislation and it is regarded as an "action" organization. See Treas. Reg. 1.501(c)(3)-1(c)(3).

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 section 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 section 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 section 503 of the Code.

**Earnings inure to the benefit of officers:**

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

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As stated in the fact section above, the analysis of the bank statements provided revealed that the withdrawals were personal expenses such as cash withdrawals at different locations, cash transfers to                    and                   , mortgage payments, credit cards payments, casinos expenses and other personal expenses that have not been substantiated by the organization's President and Directors (See                   ). The only expenses listed on the organization's Form 990, Return of Organization Exempt From Income Tax for the year ending                   , and                   , are Compensation of current officers, Directors, trustees, key employees, and other salaries and wages. The information gathered during the examination of the EO shows                    had a substantial influence on all the transactions of the EO.

**Conclusion:**

The fact that the EO did not comply with the Codes and Regulations pertaining to its exempt activities and assets being inured to private shareholders or individual; the EO has jeopardized its exempt status. The EO also failed to provide required documentation, thereby failing 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 exclusively for charitable, religious, or educational purposes consistent with Section 501(c)(3) of the Code and Treas. Reg. 1.501(c)(3)-1(d)(1)(i) and therefore fail to meet the operational test under Treas. Reg. 1.501(c)(3)-1(b)(4). 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

**If you agree to this conclusion, please sign the attached Form 6018.**

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