

Number: **202238011** Release Date: 9/23/2022 Date: June 10, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact: Name; ID number; Telephone: Fax:

UIL: 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 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 within the meaning of IRC Section 501(c)(3).

As such, you failed to meet the requirements of IRC Section 501(c)(3) and Treasury Regulations Section 1.501 (c)(3)-1(c), in that you have not established that you were operated exclusively for exempt purposes.

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 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 may file an action for declaratory judgment under the provisions of IRC Section 7428 in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims or 3) the United States District Court for the District of Columbia.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. You may write to the courts at the following addresses:

United States Tax Court 400 Second Street, NW Washington, DC 20217 U.S. Court of Federal Claims 717 Madison Place, NW Washington, DC 20439 U.S. District Court for the District of Columbia 333 Constitution Ave., N.W. Washington, DC 20001

> Letter 6337 (12-2020) Catalog Number 74808E

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).

Information about the IRS Taxpayer Advocate Service

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 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. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service Taxpayer Advocate Office

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to taxpayeradvocate.irs.gov. Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

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 www.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.

Keep the original letter for your records.

Sincerely,

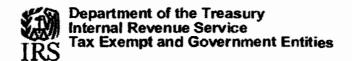
Sean E. O'Reilly

Director, Exempt Organizations Examinations

Enclosures: Publication 1

Publication 594

Publication 892



November 5, 2020

Form:

Tax periods ended:

Person to contact: Name: ID number: Telephone: Fax: Address:

Manager's contact information:

Name: ID number: 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

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.

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,

Trina Fields

AGM 7956 for

Sean E. O'Reilly

Director, Exempt Organizations

Examinations

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

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or
rom oour	Explanation of Items	Exhibit
Name of Taxpay	yer	Year/Period Ended
The audit report da referenced to in the a part of this report		ort. The attachments d (and so are still valid as
Issues:		
(1) Does the status under(2) If the revocation?(3) If the revocation?	(" r Internal Revenue Code (IRC) § 501(c)(3)? doesn't qualify for exempt status, when is the doesn't qualify for exempt status, what is the	
Facts:		
in further described un	(i) is a recognized on as exempt under IRC §s 170(b)(1)(A)(vi) and 509(a)(1) or 509(a	located der IRC § 501(c)(3) as)(2).
	another determination letter was issued wherein the C §s 170(b)(1)(A)(vi) and 509(a)(1) as an organizati blic.	
The Form App	olication for Recognition of Exemption, was receive was analyzed. The current directors and office	
	and Operational Information, several parts referred the	to an attached
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Department of the Treasury - Internal Revenue Service Schedule No. or Form 886A Explanation of Items Exhibit Year/Period Ended Name of Taxpayer shows and exhibits will sometimes demonstrate the history or method of a particular form. In addition, from time to time parts of the will be loaned to other public charities, such as, for example, the and the The Form , Part II, Items 2 and 3 of the attached summaries stated: sources of support will be contributions of cash, and a small amount of interest and dividend income from the investment of the cash contributions pending acquisition of additional The will solicit contributions primarily from the members of the which—as indicated—has over members. Part II, Item 5 asks "Does the organization control or is it controlled by another The Form organization?" and "Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?" The marked " " to questions and referenced an attached statement. In the attached statement, the is controlled by the not-for-profit .a corporation qualified under IRC § 501(c)(7), by virtue of the fact that directors of the are appointed, and subject to removal, by the Board of Governors of the director, who is a nonvoting ex officio director, is the from-time-to-time President of the The Articles of Incorporation attached to the Form was analyzed: The was incorporated on In article #5 the corporation is organized and operated exclusively for charitable and educational purposes within the meaning of IRC § 501(c)(3) for the purpose of assembling, collecting and displaying significant In Article #6, the member of the corporation is the not-for-profit corporation. The affairs of the corporation shall be managed by the Board of Directors, and the directors and their successors shall be elected by the Board of Governors of the last filed a , Short Form Return of Organization Exempt From The Income Tax, for the fiscal year ended For the year ende filed a , Electronic Notice (e-postcard) for Tax-Exempt Organizations Not Required to File Form or Form , on valued at approximately \$ (see Attachment The has

Tax, the Form

than \$

One). According to instructions for Form

or total assets greater than \$

, Return of Organization Exempt From Income

at the end of the year.

must be filed if the organization has either gross receipts equal to or greater

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or
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Form 886A		Department of the Treasury - Internal Rev Explanation of Ite		Schedule No. or Exhibit
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must be filed if the organization has either gross receipts equal to or greater or total assets greater than \$ at the end of the year.

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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit	
Name of T		Year/Period Buded	
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• The	accounting department takes care of the books and re- osidiary organizations.	cords of the and	
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• The	owns about pieces of Once is donated to retains ownership.	o the , the	
and the	e public would then be given a tour.	ublic can ask for a tou	
 Neithe 	r the prior or the current CFO knew of any substantiation of	activities.	
On request:	, the IRS examiner asked for the following in an information	tion document	
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850	1(c)(3).		

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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The Form , Part II, Items 2 and 3 of the attached summaries stated:

The sources of support will be contributions of , contributions of cash, and a small amount of interest and dividend income from the investment of the cash contributions pending acquisition of additional

The will solicit contributions primarily from the members of the which—as indicated—has over members.

The Form Part II, Item 5 asks "Does the organization control or is it controlled by another organization?" and "Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?" The marked " to questions and referenced an attached statement. In the attached statement, the states:

The is controlled by the , a not-for-profit corporation qualified under IRC § 501(c)(7), by virtue of the fact that are appointed, and subject to removal, by the Board of Governors of the , and the director, who is a nonvoting ex officio director, is the from-time-to-time President of the

The Articles of Incorporation attached to the Form was analyzed:

- The was incorporated on
- In article #5 the corporation is organized and operated exclusively for charitable and educational purposes within the meaning of IRC § 501(c)(3) for the purpose of assembling, collecting and displaying significant
- In Article #6, the member of the corporation is the not-for-profit corporation. The affairs of the corporation shall be managed by the Board of Directors, and the directors and their successors shall be elected by the Board of Governors of the

The has valued at approximately \$ (see Attachment One). According to instructions for Form , Return of Organization Exempt From Income Tax, the Form must be filed if the organization has either gross receipts equal to or greater than \$ or total assets greater than \$ at the end of the year.

Form 886A	1	of the Treasury - Int		ervice	Schedule No. or Exhibit	
Name of Taxpa	, , , , , , , , , , , , , , , , , , , 	Explanation of Items			Year/Period Ended	
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Neither the	prior or the current	CFO knew of	f any subs	tantiation of	activities.	
On , request:	the IRS examiner	asked for the	following in	n an informat	ion document	
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Form 886A		ry - Internal Revenue Service On of Items	Schedule No. or Exhibit
Name of Taxpa		on or items	Year/Period Ended
	asked for an extension of asked for information in anot A, Explanation of Items. The	ther Information Document F	
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	r attachment 2 provides a go Attachment 2 provides the fol		position and
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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er .	Yeat/Period Ended

The presence of building security does not mean that members of the public do not have ; it reflects the reality of access to and opportunity to view the security restrictions in all buildings today

Attachment 2 included below:

Minutes. The date and summary of these minutes is given

There is still

to be restored-

- Discussion on this restoration centered on whether to make the investment based on the current value v the after-restoration value
- were moved to the

and

The

will take place

will run the

The

will subsidize the

- Month, giving will be within the chits and promotional material and During events that occur in
- description tags will start to appear alongside the
- will be replaced that will soon be restored from the pool at
- Discussion about developing new and shifting our focus from displays and how we go about it displays to
- President

spoke to the

to promote the

for the

- spoke about a catalog to document the , and putting placards on all Governor to identify it
- suggested a subcommittee be established to oversee the General Manager movement and proper placement of the
- It is the goal of the General Manager. classified as

, to continue to move the assets of the

over to the

- President
- spoke about standards for accepting donations
- Discussion about having involved in

by having an event

surrounding and involving children

Form 886A	•	rasury - Internal Revenue Service	Schedule No. or Exhibit
Name of Taxpayer			Year/Period Ended
Attachment 2 includes nformation:	a balance sheet for the	he year ended	with the following
Assets	Year	Year	
Cash Accounts Receivabl Objects	e		
iabilities			
Accounts Payabl∈			
quity			
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fa	2 was a listing of the eacilities that the uests.	events and meetings of va attended	arious organizations at ti . In total, there were
o documentation was rtaining to the tivities were not provi	activities. The	listing of registered individual. No substantiation of pu	

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er	Year/Period Ended

Law:

Tax exemption is a matter of legislative grace, and the organization seeking exemption must show that it comes squarely within the terms of the law conferring the benefit sought (Florida Hospital Trust Fund v Commissioner, 103 T.C. 140, 153, 1994, aff'd 71 F. 3d 808 (11th Circuit 1996).

Organizations organized substantially for pleasure, recreation, and other non-profitable purposes, or to support such purposes, are exempt under IRC §501(c)(7). The exemption of social clubs is based on the logic of allowing members to pool their funds for recreational purposes, rather than for a compelling public benefit. Congress granted exemption so that these membership pools would not be taxed twice (at the member level and at the organizational level) (see Portland Golf Club v C.I.R. 497 U.S. 154, 110 S. Ct. 2780 (1990)).

Exempt function income means the gross income paid by members of the organization (that includes the members, their dependents and their guests) goods, facilities or services in furtherance of the purposes constituting the basis for exemption of the organization (IRC §512(a)(3)(B)). The term "unrelated business taxable income" refers to gross income derived from any trade or business unrelated to the purposes for which the organization is exempt (IRC § 512(a)(1)). With regards to unrelated business taxable income, there are special rules applicable to organizations described in IRC §501(c)(7) (IRC § 512(a)(3)(A)).

Rev. Proc. 71-17, 1971-1 C.B. 683, sets forth guidelines for determining the effect gross receipts derived from use of a social dub's facilities by the general public have on the club's exemption from federal income tax under IRC § 501(c)(7). The procedure defines the term "general public," as persons other than members of a club or their dependents or guests.

Exemption is provided for organizations that are organized and operated exclusively for charitable, religious and educational purposes with no part of the net earnings inuring to the benefit of any private shareholder or individual (IRC § 501(c)(3)). An organization is operated exclusively for one or more exempt purposes only if engages primarily in activities which accomplish one or more such exempt purposes specified in IRC § 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 (Tax Reg. § 1.501(c)(3)-1(c)(1)).

An organization may be exempt as an organization described in IRC § 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 (Tax Reg. § 1.501(c)(3)-1(d)(1)(i). The term "charitable" as used in IRC § 501(c)(3) is used in its generally accepted legal sense (Tax Reg. §1.501(c)(3)-1(d)(2)).

An organization is not organized and operated exclusively for one or more of these purposes unless it serves a public rather than a private interest (Tax Reg. § 1.501(c)(3)-1(d)(1)(ii). An organization is not dedicated to one or more exempt purposes if its assets are not dedicated to an exempt purpose (Tax Reg. § 1.501(c)(3)-1(b)(4)).

The purposes toward which an organization directs its activities, and not the nature of the activities themselves, determine whether the organization meets the operational test (B.S.W.

Form 886A		of the Treasury - Inte planation o		Service	Schedule No. or Exhibit	
Name of Taxpay				dig es en la companyament como como en desir comito e debido en de como esta el cindidad de del deposito de co	Year/Period Bnded	
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and the publ	used to give ire if the public kno ic would then be g	ws the iven a tour.	exis	sts, but the p	or or years. ublic can ask for a tou	
Neither the p	prior or the current	CFO knew of	any subs	tantiation of	activities.	
On , t request:	he IRS examiner a	sked for the f	following i	n an informal	tion document	
 The Chai The audit Consolids a category the stater Please or fiscal yea A copy the that connabove). If there are explanation I have reverse exemption b non-memory that include purposes members 	Becausement of financial perovide a statement of ended at I can retain of the ects the books and the ended at I can retain of the ects the books and the ended the events and the events, and the events, and the events as the ended the events and the events are events and the events are events and the events are ev	re fiscal years y Financial Posand e there is no e position for the of financial p he account su he records to the osts (such as d to allocate Form he, enjoy and a oaned hats in the built ed to-what the if these indivi	s ended sition that () category f osition for maries ne Statem overhead expenses , Appl the s are educal , Pla ding for the nose ever iduals we	for the the and accounting tents of Finant diallocations) to the ication for Restated that eaded by the ease provide the year ender this were, how the guests of a	but does not include or for the cannot be derived, for the for the gworksheet used include position (for #3 please provide an ecognition of the several and almost substantiation that does many attended, the amember or	
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Form 886 A			e Treasury - Internunation of		Sche Exhi	dule No. or bit
Name of'	Caxpayer				Year	Period Ended
a draft Form		for an extens information in ation of Items	ion of time to another in	ormation Docui		On st and included sponse to the
esponded to	letter. The co	rrect letter shev. 9-2017) wi	ould be L36'	sent as the 30 18 (Rev. 8-2019 information an). The	
	er for attachm nts. Attachme			nmary of the asserted activi		position and
• The (the "	ily ar of the foun erested in insti	nd dations of civ tuted the	ilized societ display displays	ect, and display	helps to attr f the al wh	act people who
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The	le to the gener had a and "	ral public, and a presentation "		without a for	um to prese entitled "	nt their
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building	bers of the	. Although m	nembers of t	he may ha ostantial eviden	ve easy acc	ess to the

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er	Year/Period Ended
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The presence of building security does not mean that members of the public do not have access to and opportunity to view the ; it reflects the reality of security restrictions in all buildings today

Attachment 2 included below:

Minutes. The date and summary of these minutes is given

There is still

to be restored-

- Discussion on this restoration centered on whether to make the investment based on the current value v the after-restoration value
- were moved to the

and

The

will take place

will run the

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Form 886A		usury - Internal Revenue Service tion of Items	Schedule No. or Exhibit
Name of Taxpay		COOK OF RECITES	Year/Period Ended
Attachment 2 includ information:	es a balance sheet for th	ne year ended	with the following
Assets	Year	Year	
Cash Accounts Receiva Objects	able		
Liabilities			
Accounts Payable	:		
Equity			
Retained Earning Profit (Loss)	s		
Total Equity			
	udes a summary of the ed. a description of the . The e of these activilies:	donated to the , the , and the also purchased a	. The summary gives value when donated / . Below is a
Donated Transferred Purchased			
Total			
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Included in attachme	nt 2 was a listing of the e facilities that the guests.		s of various organizations at the inded. In total, there were
No documentation was pertaining to the activities were not pro activities	activities. The I	isting of registered i . No substantiation	he policies and procedures ndividuals for associated of public participation in

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay		Year/Period Ended
The audit report da referenced to in the a part of this report	•	ort. The attachments ed (and so are still valid as
Issues:		
(1) Does the status under (2) If the revocation?	(" r Internal Revenue Code (IRC) § 501(c)(3)? doesn't qualify for exempt status, when is the doesn't qualify for exempt status, what is the t	
Facts:		
in further described un	(i) is a recognized on as exempt und ider IRC §s 170(b)(1)(A)(vi) and 509(a)(1) or 509(a)	located der IRC § 501(c)(3) as)(2).
	another determination letter was issued wherein the C §s 170(b)(1)(A)(vi) and 509(a)(1) as an organizati blic.	
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	and Operational Information, several parts referred the statement states:	to an attached
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will be used b	by the to acquire .	
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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxp		Year/Period Ended
form. In a	d exhibits will sometimes demonstrate the history of ddition, from time to time parts of the	will be loaned
to other p	ublic charities, such as, for example, the	and the
he Form , l	Part II, Items 2 and 3 of the attached summaries sta	ited:
	sources of support will be contributions of all amount of interest and dividend income from the ons pending acquisition of additional	, contributions of cash, investment of the cash
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The corporation	is controlled by the , a n qualified under IRC § 501(c)(7), by virtue of the fa are appointed, and subject to removal, by the Boa	not-for-profit ct tnat directors of th ard of Governors of the
The corporation from-time-	is controlled by the an qualified under IRC § 501(c)(7), by virtue of the fare appointed, and subject to removal, by the Boar and the director, who is a nonvot	not-for-profit on that directors of the ord of Governors of the org ex officio director, is the
The corporation from-time- he Articles of Inc. The In article # educations assembling in Article # not-for-pro-	is controlled by the an qualified under IRC § 501(c)(7), by virtue of the fare appointed, and subject to removal, by the Boar and the director, who is a nonvotato-time President of the corporation attached to the Form was analyzed was incorporated on 5 the corporation is organized and operated exclusing purposes within the meaning of IRC § 501(c)(3) for g, collecting and displaying significant 6, the member of the corporation is the fit corporation. The affairs of the corporation shall be elemented to the fit of the directors and their successors shall be elemented to the fit of the corporation in the fit corporation.	not-for-profit ct that directors of the ard of Governors of the ing ex officio director, is the d: vely for charitable and or the purpose of . a e managed by the Board

Tax, the Form

than \$

has

or total assets greater than \$

One). According to instructions for Form

valued at approximately \$\) (see Attachment m..., Return of Organization Exempt From Income

at the end of the year.

must be filed if the organization has either gross receipts equal to or greater

Form 886	A Department of the Treasury - Internal Revenue Explanation of Items	Schedule No. or Exhibit
Name of	Taxpayer	Year/Period Ended
Or pertained to	, ,	CFO) were asked questions that as is given below:
As we men base direction. The	subsidiary organizations. with all subsidiary organizations, the Board with all subsidiary organizations, the Board with all subsidiary organizations, the Board with an expertise in the Board with a second with a	of Directors appoints the board embers. The directors are appointed can properly operate under is donated to the , the
	her the prior or the current CFO knew of any sub-	stantiation of activities.
On equest:	, the IRS examiner asked for the following	in an information document
• T	Minutes of meetings – for the fiscal years ended The Chart of Accounts for the fiscal years ended The audit report prepared by Consolidating Statement of Financial Position that and a category for the	but does not include or for the
F	Because there is no category he statement of financial position for the Please provide a statement of financial position for scal year ended	r the cannot be derived.
tr a	a copy that I can retain of the account summaries hat connects the books and records to the Staten bove).	nents of Financial Position (for #3
e. • II	xemption. According to the Form , the of individuals see, enjoy and are educated the form of individuals.	s to the lication for Recognition of stated that each several ted by the and almost ease provide substantiation that he year ended ints were, how many attended, the
be Pl	order to be exempt under IRC § 501(c)(3), the canefit to the general public then to lease provide copies of the substantiation that de is carrying out charita 501(c)(3).	members and guests.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay		Year/Period Ended
The audit report dat referenced to in the a part of this report)		rt. The attachments d (and so are still valid as
Issues:		
(1) Does the status under(2) If the revocation?(3) If the revocation?	Internal Revenue Code (IRC) § 501(c)(3)? doesn't qualify for exempt status, when is the doesn't qualify for exempt status, what is the t	
Facts:		
in further described un	(1) is a recognized on as exempt und der IRC §s 170(b)(1)(A)(vi) and 509(a)(1) or 509(a)	located der IRC § 501(c)(3) as ((2).
	nother determination letter was issued wherein the \$ \$ 170(b)(1)(A)(vi) and 509(a)(1) as an organizatiblic.	
The Form App The Form	olication for Recognition of Exemption, was received was analyzed. The current directors and office	•
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	nd Operational Information, several parts referred thed statement states:	to an attached
, 11	primarily and It is a acquired by the primarily through gifts is also anticipated that the will receive	ole, collect and display nticipated that the s in kind to the cash donations, which
will be used b	y the to acquire .	
	will be housed and displayed at to the set that each set is see, enjoy and be educated by the	
The displaying load	will conduct shows or on an almoned Such shows and exhibits will be eat. Sales of exhibited works will be prohibited. It is	educational and

Explanation of Items	Year/Period Ended
bits will sometimes demonstrate the history or r n, from time to time parts of the	will be loaned
charities, such as, for example, the	and the
, Items 2 and 3 of the attached summaries state	ed:
will solicit contributions primarily from the mem hich—as indicated—has over members.	bers of the
	charities, such as, for example, the , Items 2 and 3 of the attached summaries state sources of support will be contributions of ount of interest and dividend income from the in ending acquisition of additional will solicit contributions primarily from the mem

The is controlled by the , a not-for-profit corporation qualified under IRC § 501(c)(7), by virtue of the fact that directors of the are appointed, and subject to removal, by the Board of Governors of the , and the director, who is a nonvoting ex officio director, is the from-time-to-time President of the

states:

The Articles of Incorporation attached to the Form was analyzed:

The was incorporated on

attached statement. In the attached statement, the

- In article #5 the corporation is organized and operated exclusively for charitable and educational purposes within the meaning of IRC § 501(c)(3) for the purpose of assembling, collecting and displaying significant
- In Article #6, the sole member of the corporation is the
 not-for-profit corporation. The affairs of the corporation shall be managed by the Board
 of Directors, and the directors and their successors shall be elected by the Board of
 Governors of the

One). According to instructions for Form , Return of Organization Exempt From Income

Tax, the Form must be filed if the organization has either gross receipts equal to or greater than \$ or total assets greater than \$ at the end of the year.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay		Year/Period Ended
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	and Operational Information, several parts referred the	to an attached
	primarily and It is a e acquired by the primarily through gifts t is also anticipated that the will receive	ole, collect and display nticipated that the s in kind to the cash donations, which
	will be housed and displayed at t The has over ked by the public. It is estimated that each sev Il see, enjoy and be educated by the	
The displaying loa noncommerci	will conduct shows or on an almond Such shows and exhibits will be eal. Sales of exhibited works will be prohibited. It is	educational and

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er	Year/Period Ended

shows and exhibits will sometimes demonstrate the history or method of a particular form. In addition, from time to time parts of the will be loaned to other public charities, such as, for example, the

The Form , Part II, Items 2 and 3 of the attached summaries stated:

The sources of support will be contributions of , contributions of cash, and a small amount of interest and dividend income from the investment of the cash contributions pending acquisition of additional

The will solicit contributions primarily from the members of the which—as indicated—has over members.

The Form , Part II, Item 5 asks "Does the organization control or is it controlled by another organization?" and "Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?" The marked " " to questions and referenced an attached statement. In the attached statement, the states:

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The last filed a , Short Form Return of Organization Exempt From Income Tax, for the fiscal year ended For the year ended the filed a , Electronic Notice (e-postcard) for Tax-Exempt Organizations Not Required to File Form on , on

The has valued at approximately \$ (see Attachment One). According to instructions for Form , Return of Organization Exempt From Income Tax, the Form must be filed if the organization has either gross receipts equal to or greater than \$ or total assets greater than \$ at the end of the year.

Form 886A	1	nt of the Treasury - Inte		Service	Schedule No. or Exhibit
Name of Taxpa			and the second s	vallen er den er den die die der den der den der	Year/Period Ended
Or pertained to the	(CFO) ar The su	nd mmary of those	•	•	ked questions that ow:
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 As with all members. based on leading 	subsidiary organized Not all of the board and ability and ability and ability and expertise in	d members are lity so that the		mbers. The d	ppoints the board frectors are appointed y operate under
• The	owns about retains ownership	pieces of	Once	is donated to	o the , the
	used to give sure if the public kr blic would then be	tours, but th		been done fo sts, but the pu	r or years. ublic can ask for a tou
 Neither the 	prior or the currer	at CFO knew of	any subs	tantiation of	activities.
On request:	, the IRS examiner	asked for the f	ollowing i	n an informat	ion document
The ChThe auditionConsoli	s of meetings – for art of Accounts for dit report prepared idating Statement of fory for the	the fiscal years	s ended	and and categories fo	includes a r . but does not include or for the
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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay		Year/Period Ended
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Issues:		
(1) Does the status unde (2) If the revocation?	doesn't qualify for exempt status, what is the	
Facts:		
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The displaying loa noncommerci	will conduct shows or on an almost shows and exhibits will be al. Sales of exhibited works will be prohibited. It is	educational and

Department of the Treasury - Internal Revenue Service Schedule No. or Form 886A Explanation of Items Exhibit Year/Period Ended Name of Taxpayer shows and exhibits will sometimes demonstrate the history or method of a particular form. In addition, from time to time parts of the will be loaned to other public charities, such as, for example, the and the The Form , Part II, Items 2 and 3 of the attached summaries stated: The sources of support will be contributions of , contributions of cash. and a small amount of interest and dividend income from the investment of the cash contributions pending acquisition of additional The will solicit contributions primarily from the members of the , which—as indicated—has over members. Part II, Item 5 asks "Does the organization control or is it controlled by another The Form organization?" and "Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking " to directorates or other factors?" The marked " questions and referenced an attached statement. In the attached statement, the states: is controlled by the not-for-profit , a corporation qualified under IRC § 501(c)(7), by virtue of the fact that directors of the are appointed, and subject to removal, by the Board of Governors of the director, who is a nonvoting ex officio director, is the from-time-to-time President of the The Articles of Incorporation attached to the Form was analyzed: The was incorporated on In article #5 the corporation is organized and operated exclusively for charitable and educational purposes within the meaning of IRC § 501(c)(3) for the purpose of assembling, collecting and displaying significant In Article #6, the member of the corporation is the not-for-profit corporation. The affairs of the corporation shall be managed by the Board of Directors, and the directors and their successors shall be elected by the Board of Governors of the last filed a , Short Form Return of Organization Exempt From The Income Tax, for the fiscal year ended For the year ende . the , Electronic Notice (e-postcard) for Tax-Exempt Organizations Not Required filed a to File Form or Form valued at approximately \$ (see Attachment The has

Tax, the Form

than \$

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, Return of Organization Exempt From Income

at the end of the year.

must be filed if the organization has either gross receipts equal to or greater

Form 8	386A	1	ent of the Treasury - I explanation		icrvice	Schedule N Exhibit	o. or
Namo	of Taxpa	Explanation of Items			ra va n minima ne conceptionis del instala del	Year/Period Ended	
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Or		(CFO) a	nd	Prior (CFO) were as	sked questio	ns that
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n b	nembers. I based on k	subsidiary organia Not all of the boar nowledge and ab ith an expertise in	rd members a ility so that the	re me e	of Directors a mbers. The c can proper		appointed
• T	he	owns about retains ownership		. Once	is donated	to the	, the
•		used to give ure if the public k blic would then be	nows the	exis	been done fo sts, but the p		
	•	prior or the curre	***		tantiation of	;	activities.
n equest:	,	the IRS examine	r asked for the	e following i	n an informa	tion docume	nt
•	The Cha	of meetings – for art of Accounts for lit report prepared dating Statement	r the fiscal ye	ars ended	and and categories for	incl	udes a
	a catego	ory for the	2	()		or for the	ot intoleuc
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•		hat I can retain of nects the books a					
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	that inclu	nbers attended exidesbut is not lines of the events, and so	nited towhat	t those even	its were, how	v many atten	
•	benefit to	to be exempt und the general publi rovide copies of t	lic then to he substantia	tion that de	mem	bers and gu hat the	ests.
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Form 886A		Department of the Treasury - Internal Revenue Service Explanation of Items			1	Schedule No. or Exhibit	
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a draf	ft Form 886-	the as asked for an ex asked for informat A, Explanation of It nent requests.	xtension of time ion in another I	nformation Doc	. On ument Reque	On est and included esponse to the	
espo		er. The correct lette L3618 (Rev. 9-201)	er should be L3		19). The		
		r attachment 2 pro Attachment 2 provi				position and	
•	are interest	and of the foundations o	of civilized socie	ellect, and displa ety; its presence eys in the lobby from lo	helps to attr	ract people who	
•	activities of There is an	the m		forum to presen () which hosts	
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Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er	Year/Period Ended

The presence of building security does not mean that members of the public do not have access to and opportunity to view the security restrictions in all buildings today

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Form 886A	•	sury - Internal Revenue Scrvio tion of Items	000000000000000000000000000000000000000
None of Transport		non or richis	Exhibit Year/Period Ended
Name of Taxpayer			reary remott Ended
Attachment 2 include information:	s a balance sheet for th	e year ended	with the following
Assets	Year	Year	
Cash Accounts Receivab Objects	ble		
Liabilities			
Accounts Payable			
Equity			
Retained Earnings Profit (Loss)			
Total Equity			
This attachment include the type of donated transferred to the summary of the value	d, a description of the	donated to the , the , and the also purchased a	. The summary gives value when donated / Below is a
Donated Transferred Purchased			
Total			
This attachment also in The director spent attending the director's time, and costs were allocated to	g to meeting I so % of the director	e—the director of tigs, events and activ	
	2 was a listing of the evaluation at 2 was a list of 2 was a listing of the evaluation at 2 was a list of 2 was a		of various organizations at the nded. In total, there were
No documentation was pertaining to the activities were not prov activities or	activities. The lis	sting of registered in No substantiation	ne policies and procedures individuals for associated of public participation in

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	rer	Year/Period Ended

Law:

Tax exemption is a matter of legislative grace, and the organization seeking exemption must show that it comes squarely within the terms of the law conferring the benefit sought (Florida Hospital Trust Fund v Commissioner, 103 T.C. 140, 153, 1994, aff'd 71 F. 3d 808 (11th Circuit 1996).

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Exempt function income means the gross income paid by members of the organization (that includes the members, their dependents and their guests) goods, facilities or services in furtherance of the purposes constituting the basis for exemption of the organization (IRC §512(a)(3)(B)). The term "unrelated business taxable income" refers to gross income derived from any trade or business unrelated to the purposes for which the organization is exempt (IRC § 512(a)(1)). With regards to unrelated business taxable income, there are special rules applicable to organizations described in IRC §501(c)(7) (IRC § 512(a)(3)(A)).

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Form 886A	Department of the Treasury - Inte Explanation o		Schedule No. or Exhibit
Name of Taxpayer			Year/Period Ended
Or pertained to the	(CFO) and . The summary of those		sked questions that elow:
 The all subsidia 	accounting department takes ca ry organizations.	re of the books and re	ocords of the and
 As with all members. based on k 	subsidiary organizations, the Not all of the board members are nowledge and ability so that the th an expertise in the arena.		appoints the board directors are appointed orly operate under
• The	owns about pieces of retains ownership.	. Once is donated	to the , the
and the put	used to give tours, but th ure if the public knows the dic would then be given a tour.	exists, but the p	public can ask for a tour
Neither the	prior or the current CFO knew of	any substantiation of	activities.
On . request:	the IRS examiner asked for the f	ollowing in an informa	ation document
The ChThe audConsolid	of meetings – for the fiscal years art of Accounts for the fiscal years it report prepared by fating Statement of Financial Pos and ory for the	s ended . and	includes a
	. Because there is no d		1
Please	ment of financial position for the provide a statement of financial po ar ended		cannot be derived. for the
	hat I can retain of the account su nects the books and records to the		
	ire any estimated costs (such as ion of the basis used to allocate of), please provide an
I have re Exempti non-mer that inclu	rviewed the Form on. According to the Form of individuals see, enjoy and a basis displaying of loaned nbers attended events in the build idesbut is not limited towhat the of the events, and if these indivi-	, Application for Fi the stated that e are educated by the Please provide ding for the year ende nose events were, ho	ach several and almost substantiation that ed w many attended, the
 In order benefit to 	o be exempt under IRC § 501(c) the general public then to rovide conies of the substantiation is carrying or	men	nbers and quests. that the

For	rm 886A		the Treasury - Inte Janation o	and Revenue Service f Items	Sche Exhi	dule No. or bit
N	ame of Taxpa	yer	udusahkuri Addinusudan gari - rem ummun madapa dahibahka		Year	Period Ended
a dra	ift Form 886-A	the asked for an extension asked for information A, Explanation of Item tententers.	nsion of time in another l	nformation Doc	. On ument Reque	On st and included sponse to the
espo		r. The correct leiter s .3618 (Rev. 9-2017)	hould be L3		19). The	
		attachment 2 provid Attachment 2 provide				oosition and
•	are interest	instituted in which th€	civilized socie displa displays not have a l		e helps to attra of the cal wh	act people who o, absent the) which hosts
:	The disp The represented which the m available to The	displays lays in the lobbies of that the building loca ajority of the the general public, as had a presentati	the is a reco ated at nd allows		01(c)(3) organ	ization) has , (in nt of the ne
•	organization to the The because the		d / or visited that would	(as well as the clubhouse		by civic
•	accept The efforts The forward, in ac The to members of building, the	is agreeable to in ddition to the disagrees with th	e IRS position	olic educational on that the fithe may h	tours of its building's ac	

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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		<u> </u>

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Attachment 2 included below:

Minutes. The date and summary of these minutes is given

There is still to be restored-

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were moved to the and

• The will take place

will run the

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description tags will start to appear alongside the

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Form 886A	*	asury - Internal Revenue Service tion of Items	Schedule No. or Exhibit
Name of Taxpayer			Year/Period Ended
Attachment 2 includes information:	a balance sheet for th	ne year ended	with the following
Assets	Year	Year	
Cash Accounts Receivable Objects	•		
_iabilities			
Accounts Payable			
Equity			
Retained Earnings Profit (Loss)			
otal Equity			
This attachment include the type of donated. Tansferred to the ummary of the value o	a description of the . The	donated to the , the , and the valso purchased a	. The summary gives value when donated / . Below is a
Oonated Fransferred Purchased			
otal			
his attachment also ind The irector spent attending ne director's time, and s osts were allocated to t	has employed to meetingso % of the direct	ee—the director of the igs, events and activit	
fa	was a listing of the ecilities that the electric that the electric.		of various organizations at th ded. In total, there were
o documentation was pertaining to the ctivities were not providually activities or p	activities. The li	isting of registered inc . No substantiation of	policies and procedures lividuals for associated public participation in

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	<u></u>	Year/Period Ended
The audit report da referenced to in the a part of this report		port. The attachments ged (and so are still valid as
Issues:		
(1) Does the status under(2) If the revocation?(3) If the revocation?	(" r Internal Revenue Code (IRC) § 501(c)(3)? doesn't qualify for exempt status, when is the doesn't qualify for exempt status, what is the	
Facts:		
in further described un	recognized on as exempt under IRC §s 170(b)(1)(A)(vi) and 509(a)(1) or 509(located inder IRC § 501(c)(3) as (a)(2).
	another determination letter was issued wherein to \$s 170(b)(1)(A)(vi) and 509(a)(1) as an organizablic.	
The Form , <i>App</i> . The Form	olication for Recognition of Exemption, was received was analyzed. The current directors and of	
	nd Operational Information, several parts referred thed statement states:	d to an attached
. 1	primarily and . It is acquired by the primarily through git is also anticipated that the will received.	nble, collect and display anticipated that the ifts in kind to the ve cash donations, which
will be used b		å åb.a
	will be housed and displayed a The has ove ked by the public. It is estimated that each sellsee, enjoy and be educated by the	
The displaying loa	will conduct shows or on an aln ned Such shows and exhibits will be al. Sales of exhibited works will be prohibited. It is	e educational and

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpay	er	Year/Period Ended

shows and exhibits will sometimes demonstrate the history or method of a particular form. In addition, from time to time parts of the to other public charities, such as, for example, the will be loaned and the

The Form , Part II, Items 2 and 3 of the attached summaries stated:

The sources of support will be contributions of contributions of cash, and a small amount of interest and dividend income from the investment of the cash contributions pending acquisition of additional

The will solicit contributions primarily from the members of the which—as indicated—has over members.

The Form Part II, Item 5 asks "Does the organization control or is it controlled by another organization?" and "Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?" The marked " " to questions and referenced an attached statement. In the attached statement, the states:

The is controlled by the , a not-for-profit corporation qualified under IRC § 501(c)(7), by virtue of the fact that directors of the are appointed, and subject to removal, by the Board of Governors of the and the director, who is a nonvoting ex officio director, is the from-time-to-time President of the

The Articles of Incorporation attached to the Form was analyzed:

- The was incorporated on
- In article #5 the corporation is organized and operated exclusively for charitable and educational purposes within the meaning of IRC § 501(c)(3) for the purpose of assembling, collecting and displaying significant
- In Article #6, the member of the corporation is the not-for-profit corporation. The affairs of the corporation shall be managed by the Board of Directors, and the directors and their successors shall be elected by the Board of Governors of the

The last filed a Short Form Return of Organization Exempt From Income Tax, for the fiscal year ended For the year ended the Form Income Tax for the fiscal year ended filed a Flectronic Notice (e-postcard) for Tax-Exempt Organizations Not Required to File Form or Form on

The has valued at approximately \$ (see Attachment One). According to instructions for Form Return of Organization Exempt From Income Tax, the Form must be filed if the organization has either gross receipts equal to or greater than \$ or total assets greater than \$ at the end of the year.

Form 886A	1	of the Treasury - In Kplanation		crvice	Schedule No. or Exhibit
Name of Taxpayer			Russ (A r Agenta, anno como como como como como como como c	Year/Period Ended	
Or pertained to the	(CFO) an The sun	d nmary of thos			sked questions that low:
The all subsidia	accounting depart	ment takes c	are of the b	ooks and re	cords of the an
 As with all members. based on k 	subsidiary organiza Not all of the board nowledge and abili ith an expertise in t	members are ty so that the	e me	mbers. The o	ppoints the board firectors are appoint ly operate under
• The	owns about retains ownership.		. Once	is donated	,
and the put	used to give sure if the public knowle would then be g	ows the given a tour.	exis	•	ublic can ask for a to
Neither the	prior or the current	CFO knew o	of any subs	tantiation of	activities
On , request:	the IRS examiner	asked for the	following is	n an informa	tion document
 The Character The auditor Consolid 	of meetings – for the form of Accounts for the fit report prepared I dating Statement or the for the forth for the form of	the fiscal yea by	rs ended	and and categories fo	includes a
a valou		se there is no	category f	or the)
Please (ement of financial p provide a statemen ar ended			the	cannot be derived. for the
					ing worksheet used acial Position (for #3
	are any estimated or ion of the basis us				, please provide an
Exemption non-mental inclusions	s of the events, and	e, enjoy and loaned ents in the bui ted towhat i	the s are educat Ple ilding for th those even	taled that ea ed by the ease provide e year ende ts were, how	and almost substantiation that d many attended, the
 In order to benefit to 	to be exempt under the general public rovide copies of the	: then to e substantiati	on that der	mem monstrates ti	bers and guests.

Form 880	6A	Depar	ment of the Tressur Explanatio				edule No. or
Name o	f Taxpaye	£				Yea	r/Period Ended
a draft For	m 886-A, I	asked for ar ked for inform	asked for an extension of nation in anoti of Items. The	time to	nation Docun		On est and included esponse to the
esponded		The correct k 118 (Rev. 9-2	3 (Rev. 9-201) etter should be 017) with add	e L3618	(Rev. 8-2019)). The	
			orovides a goo rovides the fol			lies:	position and
areThe (the active)	narily is of the interested "") in vities of the re is an	and ne foundation in instituted which the at o	d	society; i isplays ir lays	ts presence he the lobby of from loca	nelps to att	ract people who no, absent the) which hosts
whic	display esented the h the major able to the			(recogni is	displayed) is	(c)(3) orga a compon our makes	the ent their
 A su orga to the The beca 	nizations) e use their v	e umber of noi	s of that w	the sited the		vents held nd therefor	
The effortThe forward	s		need of repa				in restoration going
The to me	embers of	disagrees v the . Alth eceding infor	lough membe	rs of the	may ha	ve easy ac	ccess is limited ccess to the c access to the

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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Total Equity			
	udes a summary of the ed, a description of the . The e of these activines.	donated to the the and the also purchased a	. The summary gives value when donated / . Below is a
Donated Transferred Purchased			
Total			
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Included in attachment meetings with	nt 2 was a listing of the everage facilities that the guests.		of various organizations at the ded. In total, there were
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Exhibit
Year/Period Bnded

Group Inc v Commissioner, 70 T.C. 352, 356-357 (1978)). An organization is required to keep records, substantiate its activities and file returns as required by the Secretary (IRC §§ 6001 and 6033; Tax Regulation §1.6033-2(i)(2)).

Impermissible benefit to private interests encompasses not only benefits to insiders but also benefits that an organization may confer on unrelated or even disinterested persons (i.e., outsiders) (American Campaign Academy v Commissioner, 92. T.C. 1053, 1068-1069; see also Capital Gymnastics Booster Club Inc. v Commissioner T.C. Memo 2013-193, 2013). In American Campaign Academy, the private interests were republican entities and candidates.

The organization was operated for a substantial non-exempt purpose because its net earnings include to the benefit of its members. Net earnings include more than net profits and may inure to the benefit of private persons other than in the distribution of dividends (Unitary Mission Church v Commissioner, 74.T.C. 507, 512-513 (1980); Canada v Commissioner (82 T.C. No. 73, 82 T.C. 973).

An organization which is exempt from taxation under § 501(a) and is not required to file annually an information return shall immediately notify in writing the district director for the internal revenue district in which its principal office is located of any changes in its character, operations, or purpose for which it was originally created (Tax Regulation §1.6033-2(i)(1)).

A non-exempt entity that substantially benefits from the activities of the exempt organization and exerts considerable control over the exempt organization and how the exempt organization carries out its activities means the exempt organization is being used as an instrument to further the private benefit of the non-exempt and does not qualify as tax exempt (Est. of Hawaii v Commissioner 71 T.C. 1067 (1979)). A tax-exempt organization and non-exempt entity were controlled by the same persons, and their activities were so interrelated as to be functionally inseparable, then the benefit to the non-exempt was not incidental (P.L.L. Scholarship v Commissioner, 82 T.C. 196 (1984)).

Separately incorporated entities must qualify for exemption on their own merits. The exception is where an organization's activity is an integral part of an exempt affiliates' activities. In this case, the organization may derive its exemption from that of its affiliate (Geisinger Health Plan v C.I.R., 30 F. 3d 494, 498 (1994)).

The presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes (Better Business Bureau of Washington D.C. Inc. v United States, 326 U.S. 279, 283 (1945)).

With regards to taxability, Internal Revenue Code § 61 states, unless otherwise provided, all income is taxable. IRC § 102 states that as a general rule gross taxable income does not include the value of property acquired by gift, bequest, devise or inheritance (see Synanon Church v Commissioner, T.C. Memo 1989-270).

Government Position:

The	and its	is housed in the same building	g as the	The	controls
access to,	and use of, the bui	lding. By appointing the	board	members,	the

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
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controls the organization. Because exemption is a matter of legislative grace, the needed to substantiate that it is operating to carry out charitable activities (Florida Hospital Trust Fund v Commissioner (IBID), IRC §§ 501(c)(3), 6001, 6033; Tax Reg. §§ 1.501(c)(3)-1(c)(1), 1.501(c)(3)-1(d)(1)(i) and 1.501(c)(3)-1(d)(2)).

Exemption is provided for organizations that are organized and operated exclusively for charitable, religious and educational purposes with no part of the net earnings inuring to the benefit of any private shareholder or individual (IRC § 501(c)(3)). Being organized to carry out a charitable purpose is just the first requirement. The second requirement is that the organization operate exclusively for a charitable purpose. Substantiation that the organization is carrying out charitable purposes is required (IRC §§ 6001 and 6033).

The represented in its Form , that it annually had members and that of people from the general public came through to view the building.

The has made assertions about what its activities are without providing any substantiation that those activities actually operate as claimed. The is to keep books and records that substantiated its assertion that it is exempt under IRC §501(c)(3) and properly file required returns (IRC §§ 6001 and 6033). The has not provided substantiation of its claimed operational activities. Assertions, no matter how often repeated, is not substantiation.

Substantiation such as policies and procedures, documentation that the policies and procedures are in operation, documents that substantiate where the activity (or activities) occurred, who was in attendance (via attendance logs) and relationship these attending individuals have with the would have assisted in establishing the operations.

The facts already show that in order to attend related activities, the person had to register to attend. The has not provided these attendance documents. That members of the general public could have attended these activities is not the same thing as substantiation that members of the public actually did attend the activity. This is not the only barrier the would have to address.

A tour of the building demonstrates that access to the their dependents and their guests. Because the did not substantiate that members of the general public were allowed access to—or actually made use of or loured—the building, then the only conclusion that can be reached based on the substantiation in the possession of the IRS examiner is that there is no public use of the building and no public viewing or use of the process to—or actually made use of or loured—the building and no public viewing or use of the process to—or actually made use of or loured—the building and no public viewing or use of the process to—or actually made use of or loured—the possession of the IRS examiner is that there is no public use of the public viewing or use of the process to—or actually made use of or loured—the possession of the IRS examiner is that there is no public use of the public viewing or use of the process to—or actually made use of or loured—the possession of the IRS examiner is that there is no public use of the public viewing or use of the public viewing or use of the process to—or actually made use of or loured—the possession of the loured—the possession of the public viewing or use of the public viewing or use of the public viewing the public viewing or use of the public vi

The other conclusion is that the viewing and use of the is limited to the members, and their dependents and guests. The members, their dependents and guests are not members of the general public (Rev. Proc. 71-17 (IBID)).

Because of the lack of substantiation, operationally, the from the operations of the . While the

could not be distinguished has provided legal

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arguments based on the asserted operational activities, no legal analysis could be performed until after the operational activities were substantiated as actually occurring.

The financial and operational activities are so inter-related to the financial and operational activities that they are functionally inseparable from the . For this reason, the benefit to the is not incidental (P.L.L. Scholarship v Commissioner (IBID)). Because of they are so inter-related, the activities the carries out are deemed to be in support of—and part of—the activities. As such, the is considered to be an instrument of the that provides private benefit to the and the members thereof (see Est of Hawaii v Commissioner (IBID)).

The is organized and operated for the pleasure, recreation and other non-profitable purposes of its members, and their dependents and guests (IRC § 501(c)(7), Portland Golf Club (IBID)). The exempt function income of the is by definition the gross income paid by members of the their dependents and guests for goods, facilities or services in furtherance of the purposes for which it was granted exempt status (IRC § 512(a)(3)(B)).

Organizations like the were granted exempt status so that the member's pooled recreational funds wouldn't be taxed twice (Portland Golf Club (IBID)). The principle activities of organizations like the are focused on the recreation of the members, their dependents and quests. The mere fact that the is exempt from business income tax doesn't mean that the principle activities and operations are charitable activities described in IRC §501(c)(3).

Because the is carrying out activities that support the and purposes of the are not charitable activities with a charitable purpose (Tax Reg. §§ 1.501(c)(3)-1(d)(1)(i), 1.501(c)(3)-1(d)(2) and 1.501(c)(3)-1(d)(1)(ii); B.S.W. Group Inc. v Commissioner (IBID)).

These operational activities serve the private interests of the as well as the members, dependents and guests thereof far more than the interests of the general public. For this reason, the is not operating exclusively for one or more charitable purposes (Tax Regulation § 1.501(c)(3)-1(d)(1)(ii)).

By supporting the private interests of the members, dependents and guests, the operations provide private benefit and inurement to the members, dependents and guests (American Campaign Academy v Commissioner (IBID), Capital Gymnastics Booster Club v Commissioner (IBID), Unitary Mission Church v Commissioner (IBID), Canada v Commissioner (IBID)).

For the reasons already given above, the assets of the are dedicated to the and the members, dependents and guests thereof and are not dedicated to charitable purposes. For this reason, the doesn't qualify for exempt status under IRC §501(c)(3) (Tax Reg. § 1.501(c)(3)-1(b)(4)).

Because the assets of, and the activities of, the are for the benefit of the and the members and guests thereof, the does not qualify for exempt status under IRC § 501(c)(3) (Tax Reg. §§ 1.501(c)(3)-1(d)(1), 1.501(c)(3)-1(b)(4); see also B.S.W. Group Inc. v

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Commissioner (IBID), Est of Hawaii v Commissioner (IBID), American Campaign Academy v Commissioner (IBID), Better Business Bureau of Washington D.C. v United States (IBID)).

Taxpayer Position:

See Attachment 2. As summarized in the facts section, the has made several assertions about the activities of the and the public use of assets. The also makes an extensive legal argument about why its claimed operational activities are charitable activities.

Conclusion:

For the reasons already given in the Government Position, because the legal argument is based on unsubstantiated assertions of activities, no extensive analysis of the legal argument needs to be made. Simply put, because there are no substantiated operational activities the legal arguments do not apply to the facts of this case.

For the reasons already given, the primary position is that the exempt status of the should be revoked effective the first day of the year under examination:

Because the gross income is derived from gifts and bequests, the does not have any, taxable gross revenue that would require the to file a Form , U.S. Corporation Income Tax Return (see IRC §§ 61 and 102; and Synanon Church v Commissioner (IBID)). For that reason, no Form is being solicited by the IRS due to this proposed revocation and no taxes associated therewith will be imposed.

Because charitable assets are dedicated to charitable purposes, the net assets of the organization will need to be transferred to another organization described under IRC § 501(c)(3) (Tax Reg. § 1.501(c)(3)-1(b)(4)), and in subsequent time periods the organization will need to file Form 1120.