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

IRS

Date:
March 19, 2024
Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:
Name:
ID number:
Telephone:
Fax:
Last day to file petition with United States Tax Court:
Monday, June 17, 2024

Release Number: 202424021
Release Date: 6/14/2024
UIL Code: 501.03-00

CERTIFIED MAIL - Return Receipt Requested

Dear

Why we are sending you this letter
This is a final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), effective Your determination letter dated , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: You are in violation of Sections 6001 and 6033(a) of the Code because you did not provide records after the IRS's repeated requests. Failure to comply with Section 6033 of the Code and the applicable regulations 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 an exempt status. See Rev. Rul. 59-95. Here, the Organization's failure to respond to the IRS's repeated, reasonable requests for information in connection with the examination constitutes a failure on the part of the Organization to demonstrate continued compliance with the requirements in Section 501(c)(3) of the Code.

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**.

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination
If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment
If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at **ustaxcourt.gov/dawson.html**. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

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

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

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:

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 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 Brinkley

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

Date:
December 28, 2022
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:
January 27, 2023

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,

Russell T. Renwicks

Digitally signed by Russell T. Renwicks
Date: 2022.12.20 15:48:42 -05'00'

For
Lynn Brinkley
Acting Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018

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

Issues:

Does continue to qualify as an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code?

Facts:

( ) was granted exemption within the meaning of Section 501(c)(3) with an effective date for exemption as of .

The was classified as a public charity within the meaning of Section 509(a)(2) of the Internal Revenue Code.

The Form 990 for tax year ending , filed by was selected for examination to ensure that the examined organization's activities and operations remain in compliance with Section 501(c)(3).

A correspondence examination for tax year ending , was opened, and was sent Letter 6031 with Form 4564 Information Document Request, Publication 1 and Notice 609 on , with a response due date of . The correspondence requested specific details on activities conducted by the organization; particularly the operation of conventions held by the organization, copies of organizational documents, meeting minutes, contracts and leases, financial data to reconcile the 990 Return to the organization's books, and copies of employment tax records and other miscellaneous filings.

No response to Letter 6031 was received and a telephone call was made to the (as listed on Form 990) on . The outgoing message indicates that screens all calls.

The call was returned on . indicated that she had not received the letter sent on . She confirmed that the address used on the correspondence is correct.

Another copy of the Letter 6031 and attachments was mailed on , with a response due .

A telephone call was made to on . A voicemail was left, no return call was received.

On , a duplicate copy of Letter 6031 and attachments was again mailed to

On , a voicemail was left for . A return call was received . indicated she had not received any of the letters. She verified that the address was correct.

On , another copy Letter 6031 and attachments was sent by with

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

to The Domestic Return Receipt has not been received.

On , Letter 5077-B and Form 4564 were sent to by . The has not been received.

On , a letter and proposed revocation package was mailed to the taxpayer. Packet returned by .

On , a copy of the Letter 6031 and attachments was sent to called on , indicating she had received the correspondence and would mail what documentation she could. indicated that the had moved and taken all the financial records with her.

, a response to the Form 4564 was received. The incomplete response included none of the financial information needed to conduct the examination.

, a Letter 5464 and Form 4564 was prepared requesting financial information including bank statements and employment tax forms and information.

, a call was placed to and a voicemail left. returned the call and left a voice mail indicating the requested information was placed in the mail on . A response to Form 4564 was received on . Response indicates that there are no paid employees, compensation entered on Form 990 was an error. provided checking account statements but no supporting documentation needed to substantiate the income and expenses.

, a Letter 5464 and fourth Form 4564 was mailed requesting financial information and Forms 1099.

A response was received on , indicating that were located were held in . did provide copies of Forms W-9. did not keep copies of any 1099s issued, and she has indicated that she has been unable to obtain copies of bank statements from .

, a voice mail was left for .

A final call was placed to on . was asked if she had been able to retrieve the books and records from the or the bank statements from . She indicated that the has moved out of state and destroyed the books and records. was asked about the copies of the Forms 1099, and told the agent to get them from our records, as didn't keep copies.

Agent indicated that without adequate books and records she is unable to determine if meets the organizational and operational tests of Internal Revenue Code Section 501(c)(3) and would be preparing a Revenue Agent Report proposing revocation of exempt status. said, "do what had to be done."

Law:

IRC §501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder or individual.

Treasury Regulation 1.501(c)(3)-1(a)(1) provides "In order to be exempt as an organization described §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 ified in that section."

Treasury Regulation 1.501(c)(3)-1(b) states, in part, that an organization is organized exclusively for one or more exempt purposes only if its articles limit the purposes to one or more such exempt purposes and do not expressly empower the organization to engage, other than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of exempt purposes. Articles which expressly empower the organization to engage in other than exempt activities, and other than as an insubstantial part of the activities is not organized exclusively for exempt purposes even if the Articles stated the organization is created for charitable or educational or other exempt purposes.

Treasury Regulation 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization limit its purposes to one or more exempt purposes and do not expressly empower it to engage, otherwise than as an insubstantial part, in activities which in themselves are not in furtherance of one or more exempt purposes.

Treasury Regulation 1.501(c)(3)-1(c)1 of the Income Tax Regulations states that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which further one or more of such exempt purposes ified in section 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.

IRC §6001 of the Code provides that every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title.

IRC §1.6001-1(c) of the Code provides that such permanent books and records as are required by paragraph (a) of this section with re t to the tax imposed by section 511 on unrelated business income of certain exempt organizations, every organization exempt from tax under section 501(a) shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by section 6033. See section 6033 and §§ 1.6033-1 through 1.6033-3.

IRC §1.6001-1(e) of the Code provides that the books or records required by this section shall be kept at all times available for in tion by authorized internal revenue officers or employees and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

IRC §6033(a)(1) of the Code provides, except as provided in 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.

Federal Tax Regulations (FTR) §1.6033-1(h)(2) of the regulations 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 section 6033.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code 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.

In *Better Business Bureau v. United States*, 326 U.S. 279-283, (1945), the court held that the existence of a single non-exempt purpose, if substantial in nature, will destroy exemption under section 501(c)(3) regardless of the number or importance of truly exempt purposes. To qualify for exemption under section 501(c)(3), the applicant organization must show (1) that it is organized and operated exclusively for religious, or charitable purposes, (2) that no part of the net earnings inures to the benefit of a private individual or shareholder, and (3) that no substantial part of its activities consists of the dissemination of propaganda or otherwise attempting to influence legislation or engaging in political activity.

In *Harding Hospital, Inc. v, United States*, 505 F.2nd 1068, 1071 (6th Cir. 1974), the court held that an organization has the burden of proof that it satisfies the requirements of the particular exemption statute. The court noted that whether an organization has satisfied the operational test is a question of fact.

Taxpayer's Position

has struggled to provide sufficient financial information needed to conduct an examination of Form 990 for tax year . has stated that the of had possession of the books and records belonging to and has since moved out of and has indicated that the records have been destroyed.

has not been able to obtain copies of bank statements from after repeated attempts to obtain them electronically.

has not provided copies of Forms 1099 issued by as she did not keep copies. She stated that she was not aware that she needed to keep copies and the Revenue Agent should be able to obtain them.

Government's Position

In accordance with the above-cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Section 1.6033-1(h)(2) of the regulations specifically state that exempt organizations shall submit additional information for the purpose on enabling the Internal Revenue Service to inquire further into its exempt status.

has not provided sufficient books and records to conduct an examination as requested by multiple attempts to secure specific details on its activities or financial data for the year under examination, to enable the Service to determine whether the organization's exemption under Section 501(c)(3) should remain in effect.

Following the rationale established in *Harding Hospital, Inc. v, United States*, and *Better Business Bureau v. United States,* without the requested information and cooperation of , it is not possible to conduct the examination process favorably for the taxpayer. The burden of proof lies with , who has not provided the requested information to complete the examination of its tax return.

Using the rationale that was developed in Revenue Ruling 59-95, the 's failure to maintain adequate books and records should result in the revocation of its exempt status.

It is the government's position that the organization should be revoked as it has not proved that it is organized or operated for exclusively charitable, educational or religious purposes within the meaning of Section 501(c)(3).

Conclusion:

Based on the foregoing reasons, revocation of exempt status is proposed effective , because of the organization's failure to provide adequate information substantiating its continued qualification for exempt status within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Form 1120 returns should be filed for the tax periods effective .