



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

Release Number: 202517020

Release Date: 4/25/2025

Uil Code: 501.03-00

Date:

January 28, 2025

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:

April 28, 2025

CERTIFIED MAIL - Return Receipt Requested

Dear [REDACTED]:

Why we are sending you this letter

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

Our adverse determination as to your exempt status was made for the following reasons: Our adverse determination as to your exempt status was made for the following reasons: You have not demonstrated that you operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3). You did not maintain adequate books and records of your finances and activities. You also did not respond to our requests for additional information about your finances and activities necessary to complete the examination. In addition, there were bank transactions which inured to the benefit of your principal officer. Consequently, you were unable to show that no part of your net earnings inured to the benefit of a private shareholder or individual. Moreover, you operated for a private interest rather than a public interest. Treasury Regulation section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not operated exclusively for exempt purposes unless it serves a public rather than a private interest.

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).

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS or if you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Visit **TaxpayerAdvocate.IRS.gov/contact-us** or call 877-777-4778 (TTY/TDD 800-829-4059) to find the location and phone number of your local advocate. Learn more about TAS and your rights under the Taxpayer Bill of Rights at **TaxpayerAdvocate.IRS.gov**. Do not send your Tax Court petition to TAS. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

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

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,

Lori Stieber

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

[Redacted]

[Redacted]

Date:
03/19/2024
Taxpayer ID number:

Form:
[Redacted]
Tax periods ended:

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

Manager's contact information:
Name:
ID number:
Telephone:
Response due date:
04/18/2024

CERTIFIED MAIL – Return Receipt Requested

Dear [Redacted]:

Why you're receiving this letter

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

If you agree

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

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

If you disagree

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

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

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

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

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

If we don't hear from you

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

Contacting the Taxpayer Advocate Office is a taxpayer right

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

Additional information

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

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

Sincerely,

Navi Mishra
Acting Group Manager
Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498

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

ISSUE:

Issue #1

Whether _____'s exempt status under Internal Revenue Code (IRC) Section (Sec.) 501(c)(3) should be revoked for failing to demonstrate that it operates primarily for an exempt purpose and that no part of its net earnings inures to the benefit of an individual.

Issue #2

Whether _____'s exempt status under IRC Sec. 501(c)(3) should be revoked for the additional reasons that it failed to maintain adequate records and file an annual return as required by IRC Sec. 6033(a).

FACTS:

_____ 's (Organization) Articles of Incorporation were filed in the State of _____ on _____. The Articles of Incorporation state that the Organization is organized and operated for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986...

The Organization filed Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, on _____. The Form 1023-EZ reported that the organization's mission or most significant activities are, “

_____.” The Organization's application for exemption was approved and the effective date of exemption was _____.

The Organization has a single officer and director, _____. During an interview with _____, he described the Organization's activities as follows:

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The Organization's website states, "

Per the website, there is a \$ registration fee to use this service. The website also contains information about a charity, and other projects that the Organization has worked on. The website states that the Organization's activities further three tax-exempt purposes: scientific, education, and/or charitable.

The Organization provided board of director meeting minutes for meetings held on, and. The meeting minutes document the Organization filing its Articles of Incorporation and Form 1023-EZ but do not mention any current or planned activities. There is no mention of other officers or directors.

During the examination of the Organization's Form 990-N, for the tax periods ended and, the Organization failed to provide bank statements for through for a checking account located at. Per the Organization, it also had bank accounts at. The Organization did not provide bank statements for these accounts. The Organization provided its summary for, through. The summary indicated the Organization received \$ in deposits and made \$ in withdrawals from its account. The document did not show where the payments received came from or where the withdrawals were sent to.

For the tax period ended, the statements show the following sources of deposits:

Source of Deposit	Amount
Wire Transfer -	\$
Deposits	\$
Credit -	\$
Payments	\$
Payments	\$
Payments	\$
Other Various Deposits	\$
Total	\$

For the tax period ended, the statements show the following expenditures:

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Name of taxpayer	Tax Identification Number <i>(last 4 digits)</i>	Year/Period ended

Information Document Requests were issued on _____, and _____, requesting the missing bank statements, financial statements from third-party processor accounts, and details about the Organization's activities. The Organization failed to respond to both information document requests. The table below shows a list of the information requested about the Organization's activities and when it was requested:

Explanations of Items

Name of taxpayer

Tax Identification Number (last 4 digits)

Year/Period ended	
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Request Date	Information Requested

The Organization filed Form 990-N, *Electronic Notice (e-Postcard)*, for the tax period ended _____, on _____. To date, this is the _____ Form 990 series return that has been filed by the Organization.

In _____, the Organization sent a statement that explained that it had hired professionals to complete the Organization's financial statements and file the appropriate IRS forms, however, during Covid-19 the tasks were not completed. It further stated that effort was underway to bring the Organization into compliance for each tax year beginning _____ to present. _____, the Forms 990, for the tax periods ended _____, _____, _____, have not been filed.

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

LAW:

Internal Revenue Code

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

IRC Sec. 6033(a)(1) establishes that, except as provided in paragraph 3, every organization exempt from tax under IRC Sec. 501(a) shall file an annual return, stating specifically the terms of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the Internal Revenue laws as the Secretary may by form 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.

Treasury Regulations (Treas. Reg.)

Treas. Reg. 1.501(c)(3)-1(a)(1) states that in order to be exempt as an organization described in IRC Sec. 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes described in IRC Sec. 501(c)(3).

Treas. Reg. 1.501(c)(3)-1(c) states that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages in activities which accomplish one or more of such exempt purposes specified in IRC Sec. 501(c)(3). An organization will not be so regarded if more than an insubstantial amount of its activities is not in furtherance of an exempt purpose. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or part to the benefit of private shareholders or individuals.

Treas. Reg. 1.6033-1(h)(2) provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purposes of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (Section 501 and the following), chapter 1 of the Code and IRC Sec. 6033.

Revenue Ruling (Rev. Rul.)

Rev. Rul. 59-95, 1959-1 CB 627 provides that a failure to file required information return or comply with the provision of IRC Sec. 6033 and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, because the organization has not established that it is observing the conditions required for the continuation of an exempt status.

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

Issue #1

Whether _____'s exempt status under IRC Sec. 501(c)(3) should be revoked for failing to demonstrate that it operates primarily for an exempt purpose and that no part of its net earnings inures to the benefit of an individual.

The taxpayer's position is unknown at this time.

Issue #2

Whether _____'s exempt status under IRC Sec. 501(c)(3) should be revoked for the additional reasons that it failed to maintain adequate records and file an annual return as required by IRC Sec. 6033(a).

The taxpayer's position is unknown at this time.

GOVERNMENT'S POSITION:

Issue #1

Whether _____'s exempt status under IRC Sec. 501(c)(3) should be revoked for failing to demonstrate that it operates primarily for an exempt purpose and that no part of its net earnings inures to the benefit of an individual.

It is the Government's position that the Organization does not qualify as an organization described in IRC Sec. 501(c)(3) because it has not demonstrated that it is operated exclusively for an exempt purpose or that no part of its net earnings inures to the benefit of an individual.

Under Treas. Reg. 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in IRC Sec. 501(c)(3) in order to be exempt as an organization described in IRC Sec. 501(c)(3). If an organization fails to meet either the organizational test or operational test, it is not exempt. The operational test, Treas. Reg. 1.501(c)(3)-1(c), is specifically related to the purposes and activities of an organization. An organization will only be regarded as operated exclusively for one or more exempt purposes if it engages primarily in activities which accomplish one or more exempt purposes under IRC Sec. 501(c)(3).

The Organization presented _____ vague ideas about its activities on its Form 1023-EZ and website. During an interview, _____ provided a list of activities conducted by

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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the Organization that may have furthered IRC Sec. 501(c)(3). However, the Organization did not respond to requests to provide substantiation that the activities were conducted.

The Organization does not meet the operational test under IRC Sec. 501(c)(3) because it has failed to establish that it is operating exclusively for charitable purposes.

IRC Sec. 501(c)(3) describes, in part, that an organization exempt from tax is organized and operated exclusively for charitable purposes if... no part of the net earnings inures to the benefit of any private shareholder or individual.

The Organization did not respond to requests for the complete books and records for the period under examination. There were bank accounts and other financial accounts that the Organization did not provide statements for. The bank statements that were provided show several withdrawals, rent payments for an apartment, expenditures for restaurants, travel expenses, taxis, and entertainment tickets. The Organization did not provide who received the funds or how the expenditures furthered an exempt purpose. The financial transactions of the Organization did not show that the Organization's activities furthered an exempt purpose. The Organization has not demonstrated that no part of its net earnings inures to the benefit of any private shareholder or individual.

The Organization has not submitted sufficient information establishing it is operated exclusively for IRC Sec. 501(c)(3) purposes. The Organization has failed to demonstrate that no part of its net earnings inures to the benefit of any private shareholder or individual.

Issue #2

Whether _____'s exempt status under IRC Sec. 501(c)(3) should be revoked for the additional reasons that it failed to maintain adequate records and file an annual return as required by IRC Sec. 6033(a).

It is the Government's position that the Organization's exempt status under IRC Sec. 501(c)(3) should be revoked for the additional reasons that it failed to maintain adequate records and file an annual return as required by IRC Sec. 6033(a).

IRC Sec. 6033(a)(1) states in part that, "Except as provided in paragraph (3), every organization exempt from tax under IRC Sec. 501(a) shall file an annual return...". The Organization does not meet any of the exclusions provided for in paragraph 3 of IRC Sec. 6033.

Revenue Ruling 59-95, 1959-1 CB 627 held that failure or inability to file the required information return or otherwise to comply with the provision of IRC Sec. 6033 may result in the termination of the exempt status of an organization previously held exempt.

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

The Organization received exemption under IRC Sec. 501(c)(3) with an effective date of exemption of . The Organization had a Form 990 series return due for the tax periods ended on , and . To date, the Organization has filed a Form 990-N, for the tax period ended

Revenue Ruling 59-95 and Treas. Reg. 1.6033-1(h)(2) requires every organization which is exempt from tax to submit additional information upon request by the Internal Revenue Service.

The Service has requested the Organization to provide information for the purposes of inquiring into its exempt status. The requested information was material in determining whether the organization continues to qualify for exempt status under IRC Sec. 501(c)(3) and whether its net earnings inured to any private individual. The Organization failed to provide the requested information and its director/officer explained that the Organization's books and records were not adequately maintained.

The Organization's exempt status should be revoked for the additional reasons that it failed to maintain adequate records and has repeatedly failed to file an annual return.

CONCLUSION:

The Organization's tax-exempt status under IRC Sec. 501(c)(3) should be revoked because the Organization has not responded to repeated requests for information about the Organization's activities and financial records. By not providing the requested information, the Organization has failed to demonstrate that it is conducting activities that further an exempt purpose and that its net earnings are not inuring to the benefit of an individual. Additionally, the Organization has failed to file a Form 990, for the tax periods ended , and

The Organization has failed to demonstrate that it meets the requirements to qualify as exempt from federal income tax under IRC Sec. 501(c)(3). Therefore, its exempt status under IRC Sec. 501(c)(3) will be revoked effective . The Organization should file Forms 1120, *U.S. Corporation Income Tax Return*, for tax years beginning on or after