



Department of the Treasury Internal
Revenue Service
Tax Exempt and Government Entities
550 Main Street, Room 6-403
Cincinnati, OH 45202-5204

Date:
February 4, 2025
Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to

Name:

ID number:

Telephone:

Fax:

Last day to file petition with United States
Tax Court:
May 5, 2025

Release Number: 202518017

Release Date: 5/2/2025

UIL Code: 501.03-00

CERTIFIED MAIL - Return Receipt Requested

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 demonstrated that you are organized and operated exclusively for exempt purposes as required under Internal Revenue Code Section 501(c)(3). Treasury Regulation Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is only operated for exempt purposes if it serves public rather than private interests. Your organization has operated for the substantial non-exempt purpose of serving the private financial interests of the founder and therefore is not operated exclusively for exempt purposes. Further, you have not shown that no part of your net earnings inured to the benefit of a private individual.

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit [IRS.gov](https://www.irs.gov).

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

What you must do if you disagree with this determination

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

How to file your action for declaratory judgment

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

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

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

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at ustaxcourt.gov/dawson.html. 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.

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,

Lynn A. Brinkley

Digitally signed by Lynn A.
Brinkley
Date: 2025.01.30 12:53:40 -05'00'

Lynn A. Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892

cc: 



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

Date:
September 22, 2023
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:

October 23, 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,

A handwritten signature in black ink, appearing to read 'AS', with a horizontal line drawn through the middle of the letters.

Adam Standen, Acting Group Manager,
for
Lynn A. Brinkley
Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018
Publication 892

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

Is (hereinafter referred to as "the organization") exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code ("IRC")?

FACTS

History and current activities

The organization was originally granted exemption under IRC section 501(c)(3) in . The organization's exemption was revoked in for failure to file Forms 990-N. It applied for and was granted retroactive reinstatement in .

The organization stated to exam agent during initial exam interview that they previously operated as a church, until when church operations ceased. The exemption granted was not for church operations.

Forms 990-N have been consistently filed since the reinstatement of exemption.

In an interview with Power of Attorney () and Treasurer () conducted on they indicated that there were no current activities taking place with the organization, and that there had been minimal activities since ceasing church operations. They further indicated that the bank account of the organization had been used as a "catch all" for activity that was not directly related to , but rather to (founder and president of the organization).

The initial Information Document Request ("IDR") requested a written description of the exempt purpose(s) and current activities. The response stated: "

"

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Finances

The initial IDR requested _____ of gross receipts and the _____ average. The organization provided the following in response:

Payroll data reported on Forms 941, *Employers Quarterly Federal Tax Return* indicate the following wages were paid by the organization:

Form 941 wages paid	Form 941 wages paid	Form 941 wages paid
\$	\$	\$

The organization was issued the following Forms 1099:

	<u>Year</u>	<u>Year</u>	<u>Year</u>
<u>Type issued</u>			
Rent/Royalties			
Non Emp			
Comp			
Other Income			
GAMC&TIN			
Total			

Bank statements for a _____ account in the name of _____, account number _____ ending in _____ were provided for _____ and _____. Gross deposits in calendar year _____ totaled \$ _____. Gross deposits in calendar year _____ totaled \$ _____.

Deposits made into the account come from various sources including _____ payments, payments from churches, _____, _____, and unknown sources as regular deposits.

Expenditures from the account include checks written, _____, _____, _____, _____, and _____ payments.

The initial IDR requested general ledger/transaction register, and _____ data, neither were provided. The organization stated that there were none to provide. The bank account transactions

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could not be reconciled with books and records as all requested books and records were not provided.

LAW AND ANALYSIS

Private Interest

An organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Sec. 1.501(c)(3)-1(d)(1)(ii), Income Tax Regs. See *Baltimore Health and Welfare Fund v. Commissioner*, 69 T.C. 554 (1978); *Callaway Family Association v. Commissioner*, 71 T.C. 340 (1978). Therefore, an organization must establish that it is not operated for the benefit of private interests such as the creator or his family. Sec. 1.501(c)(3)-1(d)(1)(ii), Income Tax Regs.

The organization stated during the initial interview that the bank account of the organization serves as a "catch all" for transactions for the founder, which are not related to activities for

Bank statements indicate transactions that are personal in nature, such as mortgage payments, airline flights, payments to rental management companies, and deposits.

The organization serves primarily as a vehicle for handling the founder's personal financial transactions in the name of . Thus, the organization operates to serve the private interests of a designated individual rather than a public interest.

See *Basic Bible Church v. Commissioner*, 74 T.C. 846 (1980); *The Southern-Church of Universal Brotherhood Assembled, Inc. v. Commissioner*, 74 T.C. 1223 (1980); Rev. Rul. 69-266, 1969-1 C.B. 151. See also *Manson v. Commissioner*, T.C.M. 1980-315; *Lynch v. Commissioner*, T.C.M. 1980-464; *Pusch v. Commissioner*, T.C.M. 1980-4, *aff'd*, 628 F.2d 1353 (5th Cir. 1980); *Abney v. Commissioner*, T.C.M. 1980-27, appeal docketed (9th Cir., Oct. 14, 1980).

Operational Test

In order to be exempt under section 501(c)(3), an organization must qualify under both the organizational and the operational tests. Sec. 1.501(c)(3)-1(a)(1), Income Tax Regs.

The operational test requires that an organization's activities be primarily those which accomplish one or more exempt purposes as specified in section 501(c)(3), and not, except to an insubstantial part, those which do not further an exempt purpose. Sec. 1.501(c)(3)-1(c)(1), Income Tax Regs. The existence of a substantial nonexempt purpose, regardless of the coexistence of an exempt purpose or purposes, precludes an organization from qualifying under section 501(c)(3). Better

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Business Bureau v. United States, 326 U.S. 279 (1945); First Libertarian Church v. Commissioner, 74 T.C. 396 (1980).

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for religious or charitable purposes, no part of the net earnings of which inure to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for any of the purposes specified in section 501(c)(3) of the Code unless it serves a public rather than a private interest. Thus, to qualify under section 501(c)(3), an organization must establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or the creator's family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

The organization stated during the initial interview that there were little to no activities taking place since the organization ceased operations as a church in .

The volume and nature of the transactions in the bank account do not correlate with the current activities stated of the organization. Gross deposits in calendar year totaled \$ while the organization states to have had \$ in gross receipts for the year.

The organization does not satisfy the operational test. It operates to serve the private interests of a designated individual (founder) and thus is not operated exclusively for religious or charitable purposes. Therefore, it does not qualify for exemption from federal income tax under IRC section 501(c)(3) of the Code.

TAXPAYER'S POSITION

The taxpayer's position is unknown at this time.

CONCLUSION

This report proposes revocation of IRC section 501(c)(3) tax exempt status as of .