



[Redacted]

[Redacted]

Release Number: 202525013
Release Date: 6/20/2025
UIL Code: 501.03-00

CERTIFIED MAIL – Return Receipt Requested

Dear [Redacted]:

Why you're receiving this letter

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.

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.

Date: 07/02/2024
Taxpayer ID number: [Redacted]
Form: [Redacted]
Tax periods ended: [Redacted]
Person to contact:
Name: [Redacted]
ID number: [Redacted]
Telephone: [Redacted]
Fax: [Redacted]
Address: [Redacted]
Manager's contact information:
Name: [Redacted]
ID number: [Redacted]
Telephone: [Redacted]
Response due date: 08/01/2024

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

Digitally signed by Navinsh R.
Mishra
Date: 2024.07.01 13:51:54 -06'00'

Navi Mishra, Acting Group Manager
Exempt Organizations Examination

Enclosures:

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498



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

Date:
March 26, 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:

June 23, 2025

CERTIFIED MAIL - Return Receipt Requested

Dear

Why we are sending you this letter

Our adverse determination as to your exempt status was made for the following reasons: Organizations described in Section 501(c)(3) of the Internal Revenue Code and exempt under Section 501(a) must be both organized and operated exclusively for exempt purposes. You have failed to produce documents to establish that you have engaged in any activity to accomplish an exempt purpose, so you have failed to establish that you operate exclusively for exempt purposes. Thus, you did not meet exemption requirements under IRC Sec. 501(c)(3).

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
ded.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.

[REDACTED]
Lynn A. Brinkley
Director, Exempt Organizations Examinations

Enclosures:
Publication 1
Publication 594
Publication 892

cc: [REDACTED]

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended	

Issue:

1. Does _____ continue to qualify for exemption under Internal Revenue Code (IRC) section 501(c)(3) based on filing requirements?
2. Does _____ continue to qualify for exemption under Internal Revenue Code (IRC) section 501(c)(3) based on operations?

Facts:

" _____ " is a not-for-profit corporation incorporated on _____

The purpose of _____, as stated in Form 1023, is to _____

On _____, _____ applied for recognition as a tax-exempt organization under Internal Revenue Code section 501(c)(3) on Form 1023. On _____, letter 1045 was mailed to _____ and _____ was recognized as of _____, as a tax-exempt organization as described in section 501(c)(3).

The Articles of Incorporation were attached to the Determination application. The Articles of Incorporation do not provide a clear purpose clause. The dissolution clause states in "Upon the liquidation or dissolution of the Corporation, all properties and assets and obligations shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3)".

_____ submitted Form 1023 *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, to the Internal Revenue Service (Service).

First Issue Facts (filing requirements):

_____ of Form 1023 asks if the organization required to file Form 990 (or Form 990-EZ)? To that question the organization marked the box stating yes.

The organization has files form 990-N (e-Postcard), An organization with gross receipts of \$50,000 or less is eligible to file Form 990N.

The organization is 509(a)1 according to Form 1023 _____.

Gross receipts are the total amounts the organization received from **all sources** during its annual accounting period, without subtracting any costs or expenses.

During the examination the organization provided file " _____ " which had appraised value of art at \$ _____, those art are part of the Gross receipts and are above the threshold for filing 990-N.

On an average of _____ years and based on _____ the gross receipts would be \$ _____ (\$ _____ /).

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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Letter 1045 was mailed to _____ that includes "You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less." **And** "you should file Form 990 for each year in your advance ruling period that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter." Which was later on changed to \$50,000 instead of \$25,000.

Second Issue Facts (operations):

_____ of Form 1023 asks for a description of the organization's Activities and Operational information and _____ provided the following description:

"

"

"

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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During the examination, an interview was conducted to verify the operations of the organization, during this interview the following questions we asked:

1. What type of exhibits have been done?
Answer: None.
2. What type of auctions has been done?
Answer: None.
3. What type of fundraising have you done?
Answer: None.
4. What type of educational has been given to or the public?
Answer: None.
5. What type of sales has been done?
Answer: None.
6. What type of grants have been given to ? ? ?
Answer: None.
7. What activities did your organization do in and later?
Answer:
8. How is the organization its exempt purpose that is stated on the determination application?
Answer:

Letter 1045 was mailed to that includes "based on the information that provided in its application for exemption and on the assumption that would operate in the manner represented in its application."

the point addressed here is that the organization stated the activities it will conduct to further their exempt purpose, and that none of those activities are being conducted or any other substantial activities.

Outreach missions were not considered a substantial by any measure as the assets of the organization was not dedicated to an exempt purpose and all assets are considered financial resources, Tangible or intangible.

Issue 1 Law:

IRC §6033(a)(1) provides: Every organization exempt from taxation 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 purpose of carrying out the internal revenue laws as the Secretary may by forms or

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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regulations prescribe, and shall 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; except that, in the discretion of the Secretary, any organization described in section 401(a) may be relieved from stating in its return any information which is reported in returns filed by the employer which established such organization.

IRC §6033(a)(3)(A)(ii) provides: A mandatory exception for organizations with annual gross receipts normally not more than \$5,000.

IRC §6033(i)(1) provides: Any organization the gross receipts of which in any taxable year result in such organization being referred to in subsection (a)(3)(A)(ii) or (a)(3)(B)—shall furnish annually, in electronic form, and at such time and in such manner as the Secretary may by regulations prescribe.

IRC §6033(j)(1)(B) provides: If an organization described in subsection (a)(1) or (i) fails to file an annual return or notice required under either subsection for 3 consecutive years, such organization's status as an organization exempt from tax under section 501(a) shall be considered revoked on and after the date set by the Secretary for the filing of the third annual return or notice.

Treasury Regulation (Treas. Reg.) 1.6033-2(g)(1)(iii) provides: Annual returns required by this section are not required to be filed by an organization exempt from taxation under section 501(a) except as provided in paragraph (g)(1)(viii) of this section, an organization described in section 501(c) (other than a private foundation or a supporting organization described in section 509(a)(3)) the gross receipts of which in each taxable year are normally not more than \$50,000.

Revenue Procedure (Rev. Proc.) 2011-15, 2011-3 IRB 322 provides: For taxable years beginning on or after January 1, 2010, relieve from the requirement to file an annual return on Form 990, Return of Organization Exempt from Income Tax, organizations (other than private foundations and §509(a)(3) supporting organizations) exempt from federal income tax because they are described in §501(c) of the Internal Revenue Code ("exempt organizations") whose annual gross receipts are normally not more than \$50,000.

Issue 2 Law:

IRC 501(c)(3) are corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Federal Tax Regulations (Regulations) section 1.501(c)(3)-1(a) states in part that in order to be exempt as an organization described in Code section 501(c)(3), the organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. The term "exempt purpose or purposes", as used in this section, means any purpose or purposes specified in section 501(c)(3).

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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Regulation section §1.501(c)(3)-l(a)(l) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Regulations section 1.501(c)(3)-1(c)(1) An organization will be regarded as *operated exclusively* for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Regulations section 1.501(c)(3)-1(c)(2) An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. For the definition of the words *private shareholder or individual*, see paragraph (c) of § 1.501(a)-1.

Regulations section 501(c)(3)-1(d)(1)(ii) An organization is not organized or operated exclusively for one or more of the purposes specified in subdivision (i) of this subparagraph unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Taxpayer's position:

The Taxpayer disagrees without protest.

Government's position:

Issue 1:

Because the organization had an average of more than \$50,000 of gross receipts and more than \$500,000 of assets, the organization has failed to file the proper form 990, and according to IRC §6033(j) the organization shall be considered revoked.

Issue 2:

Because the organization had no activities/operations fulfilling the exempt purpose and did not operate in the manner represented in its determination application, the organization is not considered to be operating for an exempt purpose and according to IRC 501(c)(3) the organization should be revoked.

Conclusion:

does not continue to qualify for exemption because it is not operating for an exempt purpose and it does not carry on any activities to further such purpose and the organization have failed to file the proper forms.

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
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had more than average of \$50,000 of gross receipts and more than \$500,000 in assets, and the organization failed to file the proper Form 990 Return of Organization Exempt from Income Tax.

did not operate in the manner stated by its determination application and had almost no activities furthering their exempt purpose.

Each reason stated above constitute revocation and the examination established that did not meet the criteria for filing 990-N and does not operate for its stated purpose.