

3/27/2025

Internal Revenue Service  
Ogden, UT 84201

EIN: 23-41235

Taxpayer Name: Eldenism

RE: Formal Protest to Disallowance – ERC Claim for Q2 2020

Tax Period: Q2 2020

Dear Appeals Officer,

We write in response to the IRS notice disallowing Eldenism's Employee Retention Credit (ERC) claim for the second quarter of 2020. The disallowance was based on the assertion that "no government orders were in effect" during the applicable period. We respectfully disagree. Multiple federal, state, and local government orders were active during Q2 2020 that imposed COVID-19 related restrictions and directly affected our ability to operate normally. In the following sections, we provide a detailed timeline of the applicable government orders and present our quarterly revenue data to substantiate the significant revenue declines experienced during this period.

#### Timeline of COVID-19 Government Orders Active in Q2 2020

- **Order Name:** Proclamation 9994 – "National Emergency Concerning COVID-19"
- **Order Number:** N/A
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** This proclamation declared a nationwide emergency due to the COVID-19 outbreak. It activated federal emergency powers and funding, indirectly enabling subsequent state and local lockdowns and restrictions.
- **Impact on Quarter:** In Q2 2020, this proclamation provided the foundational framework that supported the imposition of restrictive measures, ultimately affecting Eldenism's routine business operations.
- **Order Name:** California COVID-19 State of Emergency
- **Order Number:** N/A
- **Date Enacted:** 03/04/2020
- **Date Rescinded:** Still in effect

- **Order Summary:** Governor Gavin Newsom declared a state of emergency to prepare for the broader spread of COVID-19. This declaration empowered state health authorities to suspend normal legal processes and implement broad public health measures.
- **Impact on Quarter:** During Q2 2020, the state of emergency underpinned further restrictions and provided the legal basis for imposing limitations on business operations, thereby impacting Eldenism's ability to operate at normal capacity.
- **Order Name:** Executive Order N-33-20 – "Statewide 'Stay-at-Home' Order"
- **Order Number:** N/A
- **Date Enacted:** 03/19/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This order mandated that all California residents remain at home except for essential activities. Non-essential businesses were required to close or operate under severe restrictions.
- **Impact on Quarter:** In Q2 2020, this order directly curtailed in-person operations at Eldenism, limiting our customer access and contributing significantly to the observed revenue decline.
- **Order Name:** State Public Health Officer Order (Stage 2 Reopening) – "Modifying Stay-at-Home (Early Stage 2)"
- **Order Number:** N/A
- **Date Enacted:** 05/07/2020
- **Date Rescinded:** 06/15/2021
- **Order Summary:** This order modified the strict stay-at-home mandate by allowing lower-risk businesses to reopen under specific protocols while maintaining restrictions on higher-risk operations. It provided a phased approach to reopening, contingent on adherence to public health guidelines.
- **Impact on Quarter:** During Q2 2020, although this order permitted a limited reopening, it maintained significant restrictions that continued to impede Eldenism's normal business operations and revenue generation.
- **Order Name:** Local Emergency Proclamation (Camarillo) – "City Declaration of Emergency"
- **Order Number:** EOC Director Order No. 20-1
- **Date Enacted:** 03/13/2020
- **Date Rescinded:** Still in effect
- **Order Summary:** The City of Camarillo declared a local emergency, activating its Emergency Operations Center and initiating rapid response measures. This proclamation enabled the city to close public facilities and cancel events as part of its COVID-19 mitigation strategy.

- **Impact on Quarter:** For Eldenism in Q2 2020, the local emergency declaration reinforced statewide restrictions and resulted in reduced in-person interactions, thereby directly impacting our operations and revenue.

## REVENUE REDUCTION INFORMATION

In addition to the government orders discussed above, we are submitting quarterly revenue data that demonstrates the revenue reductions for Eldenism. The following table presents the quarterly revenue amounts and percentage changes for comparison purposes.

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Quarter	2019 Revenue	Comparison Revenue	Dollar Decline	% Decline	QUALIFIES
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Q1 2019-2020	\$342,341.00	\$34,234.00	\$308,107.00	90.00%	YES
Q2 2019-2020	\$53,425.00	\$3,425.00	\$50,000.00	93.59%	YES
Q3 2019-2020	\$62,346.00	\$5,235.00	\$57,111.00	91.60%	YES
Q4 2019-2020	\$1,231,245.00	\$1,235.00	\$1,230,010.00	99.90%	YES
Q1 2019-2021	\$342,341.00	\$123.00	\$342,218.00	99.96%	YES
Q2 2019-2021	\$53,425.00	\$231,515.00	\$178,090.00	-333.35%	NO
Q3 2019-2021	\$62,346.00	\$23.00	\$62,323.00	99.96%	YES

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As shown in the revenue table above, the quarters with “YES” in the QUALIFIES column meet the ERC threshold for revenue decline (50% or more for 2020). These substantial revenue reductions, when combined with the impact of the governmental orders described earlier, provide strong substantiation for our ERC claim.

## CONCLUSION AND REQUEST

In light of the evidence provided—including the multiple government orders active in Q2 2020 that imposed significant operational restrictions on Eldenism and the accompanying revenue declines—we respectfully request that the IRS reconsider and reverse the disallowance of our ERC claim for Q2 2020. The government orders listed clearly demonstrate that restrictions were in place, contrary to the assertion that no such orders were effective during the period. Moreover, the marked revenue declines support our claim that these restrictions had a meaningful economic impact.

Thank you for your prompt and fair reconsideration of our ERC claim. Please do not hesitate to contact us if additional information or clarification is needed.

Sincerely,

[Signature]

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**AUTHORIZED REPRESENTATIVE FOR ELDENISM**

**ENCLOSURES:**

- Copies of the Government Orders (as listed above)
- Quarterly Revenue Data Table
- Supporting Documentation for ERC Claim for Q2 2020