



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

Date:
January 11, 2022
Taxpayer ID number:

Form:

Tax periods ended:

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

Number: **202246013**
Release Date: 11/18/2022

UIL: 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 both organized and operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC Section 501(c)(3). You did not engage in any activity that accomplished one or more exempt purposes under IRC Section 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 www.irs.gov.

Because you were a private foundation as of the effective date of the adverse determination, you are considered to be a taxable private foundation until you terminate your private foundation status under IRC Section 507. In addition to your income tax return, you must also continue to file Form , Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, by the 15th day of the fifth month after the end of your annual accounting period.

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 may file an action for declaratory judgment under the provisions of IRC Section 7428 in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims or 3) the United States District Court for the District of Columbia.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. You may write to the courts at the following addresses:

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

U.S. Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439

U.S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, DC 20001

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 www.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.

Keep the original letter for your records.

Sincerely,


Sean E. O'Reilly

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:
July 26, 2021
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:

CERTIFIED MAIL – Return Receipt Requested

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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,

Sean E. O'Reilly
Director, Exempt Organizations
Examinations

Enclosures:

Form 886-A

Form 6018

Publications 892 & 3498

Form 886-A	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:

Whether _____, continues to qualify for exemption as an organization described in the Internal Revenue Code (IRC) Section 501(c)(3).

FACTS:

_____ (hereinafter referred to as the “_____”) was incorporated in the State of _____ on _____.

The _____ Form _____, *Application for Recognition of Exemption under Section 509(a)*, was submitted on _____. In Part II, *Activities and Operational Information*, it included the following: “The organization will be a “grantmaking family” _____. It is expected that substantially all of the organization’s financial support will come from _____ and _____ family. The activities of the organization will consist of making contributions and grants to such tax-exempt charitable, educational, religious and/or scientific organizations as shall be chosen by the Board of Directors. _____ is the founder of the _____.”

The _____ received tax exemption under Internal Revenue Code (IRC) Section 501(c)(3) as a Private Non-Operating Foundation as defined in section 509(a) of IRC with an effective date _____.

The _____ Form _____, *Return of Private Foundation*, for the year ending _____ was selected for audit. The return reported revenue of \$ _____, expenses of \$ _____ and total assets of \$0. Part IX-A, *Summary of Direct Charitable Activities*, of the return lists no activities. Part IX-B, *Summary of Program-Related Investments*, of the return lists no investments. For the year ending _____ the _____ made no Qualifying Distributions, had no Undistributed Income and made no grants or contributions.

Inspection of the _____ Form _____, *Return of Private Foundation*, for the year ending _____ indicated an identical financial position, with \$ _____ in reported revenue and expenses, \$ _____ in assets and no indicated activity.

The _____ Founder, President and sole Director, _____, during a telephone discussion on _____, indicated that the _____ “has had no money in over _____ years, holds no bank accounts and has had no activities for some time”.

LAW:

Internal Revenue Code (IRC) Section 501(c)(3) exempts from federal income tax organizations which are 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

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Treasury Regulation 1.501 (c)(3)-1 (d)(1)(i) states that an organization may be exempt as an organization described in 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

Treasury Regulation 1.501 (c)(3)-1 (a)(1) provides that 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.

Treasury Regulation 1.501 (c)(3)-1 (c)(1) provides that 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)

Revenue Ruling 58-617, 1958-2 CB 260, (Jan. 01, 1958) Rulings and determinations letters granting exemption from federal income tax to an organization described in section 501(a) of the Internal Revenue Code of 1954, to which contributions are deductible by donors in computing their taxable income in the manner and to the extent provided by section 170 of the Code, are effective only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. Failure to comply with this requirement may result in serious consequences to the organization for the reason that the ruling or determination letter holding the organization exempt may be revoked retroactively to the date of the changes affecting its exempt status, depending upon the circumstances involved, and subject to the limitations on retroactivity of revocation found in section 503 of the Code.

In *Community Education Foundation v. Commissioner* T.C. Memo. 2016-223, revocation of the petitioner's exemption was supported due to a long-extended period of inactivity. The petitioner did not meet the operational test requirements for a section 501(c)(3) organization.

TAXPAYER'S POSITION:

Not known at this time

Form 886-A	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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GOVERNMENT'S POSITION

In accordance with the above cited provisions of the Code and Regulations under IRC 501(c)(3), organizations recognized as exempt from federal income tax under IRC 501(c)(3) must meet both organizational and operational tests.

As demonstrated in Rev. Rul. 58-617, an organization's exempt status will remain in effect only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. In the case of _____, the organization has had no exempt purpose activity for several years.

The _____ has failed the operational test for a section 501(c)(3) organization for the year under examination. It has ceased all operations since at least the year _____ which includes the year under examination. There were no activities, no income and no actual assets for the year under examination.

The _____ is like the petitioner in the case wherein the court concluded that revocation was appropriate due to the organization's inactivity.

Failure to Meet the Operational Test

The _____ has failed to demonstrate that it meets the operational test for a § 501(c)(3) organization for the year under examination. In order to meet the operational test, the must show that 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 regarded as having met this test if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Examination of the _____ return for the year ending _____ shows no assets, no qualifying distributions and no indication of any exempt purpose activities. Inspection of the previous year's return also does not indicate any exempt purpose activities. As such, the _____ does not operate for exempt purposes and revocation is proposed.

CONCLUSION:

_____ has no assets, has conducted no exempt activities for some time and fails to meet the operational requirements to continue its exemption status under IRC 501(c)(3).

Once _____, which is a private foundation, ceases to be described in IRC Section 501(c)(3), it will not lose its private foundation status; rather, it will become a taxable private foundation.

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Taxable private foundations remain subject to Chapter 42 taxes and are required to file Form _____, *Return of Private Foundation*, in addition to Form _____, *U.S. Corporation Income Tax*.

Form _____, *U.S. Corporation Income Tax*, should be filed for tax year ending _____ thereafter. Form _____, *Return of Private Foundation*, remains a required annual return.

As a reminder, you have the right to file a protest if you disagree with this determination.

If you agree with this conclusion, please sign and return the enclosed Form 6018 by the indicated response due date.