



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

Date: March 29, 2023

Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Release Number: 202325010

Release Date: 6/23/2023

UIL Code: 501.03-00

Person to contact:

Name:

ID number:

Telephone:

Fax:

**Last day to file petition with United States
Tax Court:**

CERTIFIED MAIL - Return Receipt Requested

Dear

..

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: Organizations described in IRC Section 501(c)(3) and exempt under IRC Section 501(a) must be both organized and operated exclusively for exempt purposes. You have not demonstrated that you operated exclusively for one or more exempt purposes as required by IRC Section 501(c)(3). Your primary activities consist of bargain sales, offering benefits to private individuals and not to the public. In addition, your President used the organization's funds for personal purposes, rather than for exempt purposes. IRC Section 501(c)(3) precludes federal income tax exemption if net earnings inure to the benefit of private shareholders or individuals. See Treasury Regulation 1.501(c)(3)-1(c)(2). Your tax-exempt status under IRC Section 501(c)(3) is thus revoked, effective from January 1, 2018.

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.

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:

Internal Revenue Service
Taxpayer Advocate Office

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.

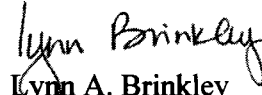
Find tax forms or publications by visiting [IRS.gov/forms](https://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

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.

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

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:
03/25/2022
Taxpayer ID number:

Form:

Person to contact:

Name:
ID number:
Telephone:
Fax:
Address:

Manager's contact information:

Name:
ID number:
Telephone:
Response due date:
4/25/2022

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

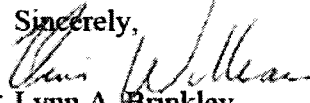
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance,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

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,



for Lynn A. Brinkley

Acting Director, Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018

Publication 892

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer EIN:		Year/Period Ending

ISSUES PRESENTED:

1. Whether _____ operates exclusively for exempt purposes described within Internal Revenue Code section 501(c)(3)?
 - 1.a Whether _____ is operated to serve a public rather than a private interest?
 - 1.b Whether _____ involvement in bargain sales transactions is more than an insubstantial part of its activities?
2. Whether any part of the net earnings of _____ inured to the benefit of any private shareholder or individual?
5. Whether revocation of _____ IRC 501(c)(3) tax exempt status is appropriate?

FACTS

_____ (_____) filed their Articles of Incorporation with the State of _____ as a not-for-profit corporation on _____. It filed their Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code (IRC), which was received by the Internal Revenue Services on _____. Internal Revenue Services issued a final determination Letter 947 on _____, granting Internal Revenue Code 501(c)(3) tax exempt status to _____ with a foundation status of public charity. The organization had filed return _____ since inception. Small tax-exempt organizations generally are eligible to file _____ to satisfy their annual reporting requirement, if their annual gross receipts are normally \$ _____ or less.

The articles of incorporation named _____ individuals as the _____, namely the _____. The article of incorporation and the Form 1023 named _____ as the _____. The following activities are listed on the attachment to the Form 1023, Application for Recognition of Exemption under Internal Revenue Code Section 501(c)(3)

_____ will provide training and expertise to enhance the lives of _____ in many ways including

_____ will include the use of _____ for the objective. _____ will also include guest speakers who will offer advice and resources for attendees, including personal introductions to business mentors in the _____.

_____ engaged in the following activities during _____ and _____

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Workshop Activities

Per response to with regards to its activities, claimed that in it conducted but did an extra in . The organization stated that these "

was paid for teaching these workshops; volunteer their time at . The response further stated that " is paid and there are no direct expenses for the ".

• From a with , Agent discovered the following: Agent was informed at that meeting, that has , and all are required to take before they can leave and , and helps with presentation that helps for which some are . The set the dates , provided the facility, and enroll the persons were from am - pm. Email received from on , also stated the following: " comes in and provides monthly , facilitated by . It is a that provides information on ."

• , they provide after the conducted at was issued and related to obtaining specific details of the exempt activities of the organization, to differentiate the activities of the and the activities conducted by , for which the information was not provided. In , records were requested to show the individuals who received the training and the time spent with each exiting military. However, no records were provided.

Per response to and are the presenters for the monthly conducted at has also received many thank you letters for the that was conducted.

listed following volunteer on the Organizations Website:

Professional Photographer
, Financial Advisor
Financial Advisor
Employment Advocate
Coach

There was no information provided as to what activities are conducted by these volunteers. As a part of the organization's response to the exempt activities it conducts, the statements made about the volunteer's activities were: "Average time spent by is per week, in addition to dedicated by volunteers" and "Manage volunteer team and obtain from "

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Fundraising Activities

• participated in a bargain sale promoter scheme with completing bargain sale transaction in and in For the bargain sales conducted in , wrote charitable contribution acknowledgements that totaled \$, paid fees of \$, paid other fees, and received a net charitable contribution of \$. For the bargain sale, wrote a charitable contribution acknowledgement for \$ and paid fees of \$, paid other fees of \$ and received a net charitable contribution of \$. So for the issued acknowledgements that total \$ paid fees of and received a net contribution deposited into the EOs bank account of only \$.

When entered into these transactions the were bought and sold on the same day, or a very short time after the donation was accepted. was required to issue the Form 8282 to the donor at the time of the sale because the donation was sold within of receipt. The organization did not file the Forms 8282 at that time. Agent asked for copies of the Form 8282 in the IDR and they were provided even though at the interview they said they were never completed. Agent found out that those Forms 8282 submitted per the IDR, were for Agent to submit to the Service Center. Agent processed the forms to the Service Center.

The organization provided documents associated with the transactions. For example, a review of the documents shows the following.

- Letter of intent dated listed as buyer and seller . Total earnest money deposit was \$. Seller to engage an appraiser to prepare an appraisal for the property during inspection period. Seller to provide current title search resulting in a commitment satisfactory to the buyer. Seller will provide the closing documents and shall convey the property to buyer by a special warranty deed. Seller to pay or other transfer taxes. The letter of intent was signed by . Other agreements include Real Estate Purchase Agreement between as buyer and the seller; and Real Estate Purchase Agreement with as seller and the Purchaser. The document states that any notices required or permitted to be given under the agreement to be sent to closing Dept.

• Per bank statements, deposits for the and tax year totaled \$ and the amount of those deposits related to bargain sales was \$. So received % of its total revenue from the bargain sale schemes they entered into with . This shows that the bargain sale donation was the primary source of income for .

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Expenditures

• Since inception, _____ has filed annually the _____. This form is generally used by small tax exempt entities that normally receives \$ _____ or less in gross receipts annually. _____ issued charitable donation acknowledgements for total amount of \$ _____ for the _____ and \$ _____ for _____ and did not file the required _____.

• The books and record showed that most of the expenditure for _____ were paid out as reimbursements to the _____ who used her personal account to conduct the majority of _____ business and then reimbursed herself.

The total amount of funds deposited into the exempt organizations bank account for the _____ was \$ _____ and for the _____ was \$ _____. Expenditures paid to the _____ for the _____ is as follows :

Total

Rent
Electric
Phone and Internet
Monthly Software Fees
Meals
Personal Misc. Items
Attorney Fees - Apartment Lease
Wages reported on

Meetings and conferences

Milage _____

Total Expenses paid to the _____

Payments to the _____ % _____ % _____ %
/ of Revenues

_____ does not have an office and the amounts for office rent were for expenses associated with residence which was charged to _____. _____ requested information and documentation regarding the rent charged to _____. It asked for copy of the lease showing total _____ rent and the allocation of rent expenses. Documentation provided includes copies of _____ invoices, subscriptions, and expenses labeled as Information Technology. Documentation provided includes items such as electric bill, _____ subscription, invoice from _____ (cable/TV/Internet/Phone provider), and invoice from _____. The accompanying handwritten journal noted the entries with expense categories of office supplies, Information Technology, conference/meetings/education, telephone, office rent/utilities, _____ rental,

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and business mileage. More specifically the handwritten journal for office rent showed amount of \$ with % allocated to notated as home feet with % office space. of electric and internet cost were also allocated to No lease documentation was provided to support the total square feet of the apartment and office space and all exempt activities reported took place at

also provided some documentation titled "Business Lunches". Examples include Page which showed receipt from a restaurant with a notated with a date, amount, and statement " or ". The amount noted on the receipts were higher than the total due. then deducted % of the total and the remaining % was charged to the organization. A worksheet was provided, i.e. "Work Sheet", Page, showing the detail amount for each meal, the total, and the % deduction. It noted that the amounts were paid from personal checking and % of the total were reimburses to from checking. Some of the receipts noted a name of person and others did not note a name but say ". The documentation did not notate the specific business purpose for the meals.

The personal items consist of purchases such as cloths, RX refills, cosmetics, health care needs, hair appointment, tailor, shoe repair, miscellaneous personal and travel needs, etc. The legal fees were for an issue with apartment lease of residents, for which the president left her apartment for and then went back to the apartment. Other charges include the purchase of a new cell phone and Bluetooth health monitoring devices. Meeting and conferences with travel expenses were noted on the worksheet submitted by the organization. Office supplies include purchases titled "office furnishings" " & " [Worksheet, response listed on file, Page].

As a response to, provided a status of the organization in an email that was received on and indicate the following. "At a board meeting that was held in it was decided to shut down operations immediately. This is not solely related to the IRS audit, as the Taxpayer has been frustrated in performing its exempt functions due to continuing restrictions for as a result of the COVID- pandemic, and the lack of contributions to be able to continue operations. The organization filed Articles of Dissolution with the State of on and is no longer a corporation and is no longer conducting business. " No response for the documents requested in were provided.

LAW

To be tax-exempt under IRC § 501(c)(3), an organization must be organized and operated exclusively for exempt purposes set forth in IRC § 501(c)(3) The organization must not be organized or operated for the benefit of private interests, and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

IRC § 501(c)(3) exempts from Federal income tax: 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 for the prevention of cruelty to children or animals, no part of net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of

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which is carrying on propaganda, or otherwise attempting to influence legislation and which does not participate in or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

Treasury Regulations

1.501(c)(3)-1(a)(1), Organizational and operational tests, 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.

1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purpose 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.

1.501(c)(3)-1(c)(2) provides that 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.

1.501(c)(3)-1(d)(ii) of the regulations provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, 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.

§1.501(c)(3)-1(c)(2) provides that 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.

1.501(c)(3)-1(d)(2) of the regulations provides that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense and includes the promotion of education.

1.501(c)(3)-1(d)(3) defines the term educational as the instruction or training of the individual to improve or develop his capabilities, or the instruction of the public on subjects useful to the individual and beneficial to the community. The regulation further provides that an organization may be educational even though it advocates a particular position or viewpoint, so long as it presents a sufficiently full and fair exposition of the pertinent facts to permit the public to form an independent opinion or conclusion. An organization is not educational if its principal function is the mere presentation of unsupported opinion. Treas. Reg. § 1.501(c)(3)-1(d)(3).

1.501(c)(3)-1(d)(3)(i) defines the word "educational", as used in §501(c)(3) of the Code, as –

- (a) The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- (b) The instruction of the public on subjects useful to the individual and beneficial to the community.

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In *Better Business Bureau of Washington, D.C., Inc. v. U.S.*, 326 U.S. 279 (1945), the Supreme Court stated that an organization is not operated exclusively for charitable purposes if it has a single non-charitable purpose that is substantial in nature.

The words "private shareholder or individual" in section 501 refer to persons having a personal and private interest in the activities of the organization. Treas. Reg. § 1.501(a)-1(c).

The inurement prohibition provision "is designed to prevent the siphoning of charitable receipts to insiders of the charity . . ." *United Cancer Council v. Commissioner*, 165 F.3d 1173 (7th Cir. 1999). A "private shareholder or individual" for purposes of a private inurement analysis has been interpreted to mean an insider of the organization. See *Orange County Agricultural Society, Inc. v. Commissioner*, 893 F.2d 529, 534 (2d Cir. 1990). The prohibited private inurement involves using the assets of the exempt organization for the benefit of the insider; examples include payment of a percentage of revenue, lending money, and payment of personal expenses. *Founding Church of Scientology v. United States*, 412 F.2d 1197 (Ct. Cl. 1969).

Prohibited inurement is strongly suggested where an individual or small group has exclusive control over the management of the organization's funds. *The Church of Eternal Life and Liberty, Inc. v. Commissioner*, 86 T.C. 916, 927 (1986); *Basic Bible Church v. Commissioner*, 74 T.C. 846, 857 (1980); *Church of the Transfiguring Spirit v. Commissioner*, 76 T.C. 1, 7 (1981).

Section 4958(c)(1)(A) of the Code, in part, defines an "excess benefit transaction" as "any transaction in which an economic benefit is provided by an applicable tax-exempt organization"

Inurement and Private Benefit

Revenue Ruling 67-5, 1967-1 C.B. 123, it was held that a foundation controlled by the creator's family was operated to enable the creator and his family to engage in financial activities which were beneficial to them, but detrimental to the foundation. It was further held that the foundation was operated for a substantial non-exempt purpose and served the private interests of the creator and his family. Therefore, the foundation was not entitled to exemption from Federal income tax under section 501(c)(3).

TAXPAYERS POSITION: Unknown at this time.

GOVERNMENT POSITION

An organization that is tax exempt under IRC 501(c)(3) is not organized exclusively for an exempt purpose if it provides private benefit that is more than just incidental to furthering its charitable goals.

The IRS's position is that by accepting bargain sale donations in and in that the donor and the promoter, received substantial private benefit. For these bargain sale transactions issued acknowledgements to the donors that totaled \$, paid administrative fees of \$, paid other fees of \$ and received net charitable cash donations of only \$. The amount of charitable contributions received is de

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minimums compared to the charitable contribution acknowledgments issued for the bargain sale donations. This is an indication that was not operating exclusively for tax exempt purposes since it was providing substantial private benefit to outsiders and failed the operational test by not operating exclusively for tax exempt purposes.

The paper trail gave the appearance that was activity involved with bargain sales with donors. signed agreements which noted responsibilities of either as buyer or seller. It showed cash deposits being required at a time when bank statement showed that it did not have monies to fund such deposits. brokers handle the solicitation of donations and the subsequent sale of properties. prepares all legal documents for the sale which are signed by . The initial acquisition, brokerage representation, financial services, appraiser services, underwriting, management, and disposition are all handled by Thus, Welfont merely used the EO's tax exempt status to obtain personal benefits for itself and donors.

was approached by to accept property bargain sale donations. They told they would put up the bargain sale money upfront and get repaid when the property sales, either that same day or very soon after the donation takes place, and that would get the net gains after the sale. preyed on IRC 501(c)(3) filers that receive \$ or less in a given year, this way the transaction would not be reported to the IRS, because the reports no financial information. What did not tell the that by writing acknowledgements in the millions for these bargain sale donations, the organization is now required to file the and were not permitted to file the . also did not let know they were required to file the Form 8282 for large non-cash donation that are sold within of receipt. The organization did no due diligence, related to the transaction they were entering into and was happy it was going to receive a donation of any amount. did not file the require or Forms 8282. For the transactions listed above wrote acknowledgements for non-cash donation in the amount of \$1 , paid administrative fees of , paid other fees of \$ and received a net charitable cash donation of only \$ in total for all transactions. The appraisal amounts submitted for the bargain sales are questionable, large amounts being acknowledged as donations, and the large amount of fees paid to and other organizations deals with are indicative of substantial private interest especially when compared to the de minimums amount paid to These transactions produced a private benefit to each of the donors related to the overstated appraisals submitted for the bargain sales, and also produced private benefit to and associated business.

books and records shows that the majority of the organization expenses were paid from the personal bank accounts and reimbursed the for the receipts that were submitted.

While did on an average of , did not have to find space as this was provided by the did not have to the participants because was the participants incurred no significant overhead cost for the beyond time and possible for the use of the However, information provided

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showed that throughout the months _____ incurred expenses labelled as business lunch, meetings, and conferences. However, the specific business purpose for such meals or training or conferences were not established. Thus, it appears that much of the time expended dealt with actions in which _____ was deriving substantial personal benefit. Thus, more than an insubstantial portion of _____ activities were for her personal benefit.

_____ charged the EO for rent, electricity, internet, phone but provided no documentation as to how she arrived at the amount to be charged. There was no documentation provided to show that the board approved this arrangement or that it was even discussed. The charges for electricity, rent, internet for space at _____ residence without any business substantiation were all amounts paid for her personal benefit. Based on the handwritten journals, it appears that _____ incurred cost for meals on a regular basis. _____ the journal nor receipts noted a business purpose for these items _____ of the expenses appear to be personal in nature and included items such as a cell phone, office furniture personal care items, cloths, etc. Based on review of the transactions, _____ used the EO's funds at will for purposes that appears to be for her personal benefit. Approximately _____ % of the _____ and _____ organization's revenues went to _____ IRS requested substantiation for travel, meals, rented office space, utilities, monthly software fees, _____, legal fees, etc. in _____, which were not provided. The information was requested to determine if these expenses were personal or related to the exempt activities of _____. Without the required substantiation of these expenses the expenditure would be considered a private benefit and inurement to the President.

CONCLUSION:

Treasury Regulation §1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for _____ or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals.

In the _____ and _____, _____ did not operate exclusively for tax exempt purposes because the organization entered into transactions that produced private benefits to the donors of the bargain sale property donations and to the _____ for all _____ bargain sale donations accepted. These bargain sale donations produced _____ % of _____ income for the _____ and _____, which is more than an insubstantial part of its fundraising activities.

_____ books and records shows that the majority of the organization expenses were paid from the _____ personal bank accounts and _____ reimbursed _____ for the invoices that were submitted, however substantiation of these expenses were not provided. Without the required substantiation of these expenses the expenditure would be considered a private benefit to the _____

Since _____ did not operate exclusively for tax exempt purposes in the _____ and _____, their IRC 501(c)(3) tax exempt status should be revoked as of _____.