



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
1100 Commerce Street, MS: 4920 DAL
Dallas, Texas 75242

Release Numbers: 200802034

Release Date: 1/11/08

September 28, 2007

UIL: 501.03-01

Name

Attn: Name 2

Address 1.

Address 1

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer to: TE/GE Review Staff

EIN: EIN

**LAST DATE FOR FILING A PETITION
WITH THE TAX COURT: 90 Days from date of this letter**

CERTIFIED MAIL – Return Receipt Requested.

Dear _____ :

This is a Final Adverse Determination Letter as to the **Name's** exempt status under section 501(c) (3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

Your exempt status as an organization described in section 501(c) (3) is hereby revoked effective **Date**. You failed to establish that you were operated exclusively for exempt purposes as is required for every organization to maintain continued recognition by the Service as an organization described in section 501(c)(3). Treasury Regulations enacted under Internal Revenue Code sections 6001 and 6033 require organizations to maintain records of their finances and activities and to provide them to the Service upon request. You failed to respond to written requests from the Internal Revenue Service for information about your finances and activities.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

You are required to file Federal income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the year ending **Date 1** and for all years thereafter.

(2)

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above since this person can access your tax information and can help you get answers.

You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate by writing to: Internal Revenue Service, Taxpayer Advocates Office, **Address 2.**

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

We will notify the appropriate State Officials of this action, as required by section 6104(c) of the Internal Revenue Code.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Marsha Ramirez
Director, EO Examinations

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS		Schedule number or exhibit
Name of taxpayer Name	Tax Identification Number EIN	Year/Period ended Date 1	

Issue

Whether **Name's** tax exempt status under Section 501(c)(3) of the Internal Revenue Code should be revoked.

Facts

An examination of the organization was initiated via a correspondence sent to the address on file with the IRS. The agent received a telephone message from **Name 2**, a board member, who stated that the organization was granted exempt status under code section 501(c)(3) in July . However, it was then reclassified to a private foundation because it did not provide documentation supporting its exempt status as a public charity. Per **Name 2's** oral testimony the organization then filed a form 8734 on August 21, requesting that it be recognized as public charity. Further, **Name 2** stated that he was in the process of filing a form 990 and that he would provide copies of the returns in addition to the form 8734. The organization did not file a return since it has had very little activity since its inception and did not meet the gross receipts test for filing requirement purposes. The agent never received the documentation as stated by **Name 2**. A subsequent document request was sent to the organization per the address on file with the IRS on November 7, 2006. The document request was returned to the IRS as undeliverable. A request by the IRS for a more current address was requested from the Postmaster but no response was received. Therefore, the organization failed to respond to the Internal Revenue Service's correspondence or file the Forms 990-PF for the tax period ending **Date 1**.

Law

Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax 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 purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and 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.

Section 1.6001-1(a) of the regulations in conjunction with section 1.6001-1(c) provides that every organization exempt from tax under section 501(a) of the Code and subject to the tax imposed by section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such

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organization shall also keep such books and records as are required to substantiate the information required by section 6033.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

In accordance with the above cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Government's Position

Based on the facts of the examination, the organization failed to establish that it qualifies for tax exemption since it has failed to meet the reporting requirements as set forth in Internal Revenue Code sections 6001 and 6003. Furthermore, the organization has failed to respond to all requests made by the government to furnish the appropriate information.

Conclusion

Accordingly, the organization's tax exempt status under IRC 501(c)(3) should be revoked effective **Date 2**. Form 1120 returns should be filed for the tax periods ending **Date 1**.

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
300 N. Los Angeles St. MS 7300
Los Angeles, CA. 90012

Name
Name 2
Address 1
Address 1

Taxpayer Identification Number:

EIN

Form:

990-PF

Tax Year(s) Ended:

Date 1

Person to Contact/ID Number:

Contact Numbers:

Telephone:

Fax:

Certified Mail - Return Receipt Requested

Dear _____ :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Taxpayer Advocate Service
Address 2
Address 2

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination