

200808037



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street

Dallas, TX 75242

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

NOV 27 2007

UIL: 501.03-01

Legend

ORG = Organization name

Address = address

XX = Date

**Release Date: 2/22/08**

ORG

Address

Employer Identification #

Person to Contact/ID#:

Contact Telephone

Taxpayer Advocate's Office, Address,

Telephone Number:

CERTIFIED MAIL

LAST DATE TO FILE A PETITION  
IN TAX COURT

January 31, 20XX

Dear :

This is a final adverse determination that you do not qualify for exemption from income tax under section 501(a) of the Internal Revenue Code (I.R.C.) as an organization described in I.R.C. section 501(c)(3). Internal Revenue Service recognition of your status as an organization described in I.R.C. section 501(c)(3) is revoked, effective January 1, 20XX. Our adverse determination is made for the following reason(s):

You have not established you are operated exclusively for Charitable, Educational, Scientific, or Religious purposes because you failed to comply with the IRS's requests for information to determine if you still qualify for tax exempt status under IRC 501(c)(3).

Contributions made to you are no longer deductible as charitable contributions by donors for purposes of computing taxable income for federal income tax purposes. See Rev. Proc. 82-39 1982-2 C.B. 759, for the rules concerning the deduction of contributions made to you between February 1, 20XX and the date a public announcement, such as publication in the Internal Revenue Bulletin, is made stating that contributions to you are no longer deductible.

You are required to file income tax returns on Form 1041 and 1120 for all years beginning January 1, 20XX. Returns for the years ending December 31, 20XX, December 31, 20XX, December 31, 20XX, and December 31, 20XX must be filed with this office within 60 days from the date of this letter, unless a request for an extension of time is granted. Send such returns to the following address:

Tax returns for subsequent years are to be filed with the appropriate Campus identified in the instructions for those returns.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States for the District of Columbia before the 91<sup>st</sup> day after the date this

determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. You may write to the Tax Court at the following address:

The processing of income tax returns and assessment of any taxes due will not be delayed because a petition for declaratory judgment has been filed under I.R.C. section 7428.

The last day for filing a petition for declaratory judgment is January 31, 20XX.

If you have questions about this letter, please write to the person whose name and address are shown on this letter. If you write, please attach a copy of this letter to help identify your account. Keep a copy for your records. Also, please include your telephone number and the most convenient time for us to call, so we can contact you if we need additional information.

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. Or you can contact the Taxpayer Advocate office located nearest you at the address and telephone number shown in the heading of this letter.

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 I.R.C. section 6104(c).

This is a final revocation letter.

Sincerely,

Lois G. Lerner  
Director, Exempt Organizations

Enclosures;  
Pub. 892

Form <b>886-A</b> (Rev. January 1994)	<b>REPORT OF EXAMINATION</b>		Schedule number or exhibit  0001
Name of taxpayer ORG	Tax Identification Number	Year/Period ended December 31, 20XX	

Legend

ORG = Organization name  
Officer = officer

Address = address

XX = Date

Issue Name: Tax Exempt Status

Per Return: 990-PF

Per Exam: December 31, 20XX

**Issue:**

Whether ORG qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code.

**Facts:**

ORG failed to file the required Form 990-PF for the tax period(s) ending December 31, 20XX. ORG failed to respond to the Internal Revenue Service attempts to obtain information to perform an examination of form 990-PF for the above mentioned tax period. The Service requested information as follows:

- November 9, 20XX – The organization, as part of a compliance check, was sent Letter 4028 via certified mail. The organization was asked to provide a Form 990-PF return for the tax periods ending December 31, 20XX, 20XX, and 20XX. The certified receipt was signed on November 17, 20XX. The organization did not respond to the initial letter. Two messages were left on the voice mail of Officer, an officer of the organization. Officer did not reply to the voice messages.
- December 29, 20XX – The compliance check was changed to an examination. A revenue agent sent Letter 3606 to the organization, requesting various records and Form 990-PFs.
- February 8, 20XX – A follow-up letter was sent certified mail. A copy of the initial examination letter was attached, which request records and Form 990 PFs. The letter was returned from the United States Postal Service as undeliverable.
- April 12, 20XX – A follow-up letter was sent certified mail to the new address of the organization. A copy of the initial examination letter was attached, which requested records and Form 990-PFs. The certified receipt was signed on April 17, 20XX.
- June 9, 20XX and June 16, 20XX -- Two messages were left on the voice mail of Officer, an officer of the organization. Officer did not reply to the voice messages.
- August 3<sup>rd</sup>, 20XX – The organization was issued a report of examination, proposing a revocation of their exempt status due to lack of response. The report was sent certified mail. The organization was allowed 30 days to respond. The organization failed to reply to the proposed 30 day revocation letter (Letter 3618). The certified mail receipt was signed on August 11, 20XX.

Form <b>886-A</b> (Rev. January 1994)	<b>REPORT OF EXAMINATION</b>		Schedule number or exhibit  0001
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**Law:**

**Section 1.61-1** of the regulations provides that gross income means all income from whatever source derived, unless excluded by law. Gross income includes income realized in any form, whether in money, property, or services. Income may be realized, therefore, in the form of services, meals, accommodations, stock, or other property, as well as cash.

**Section 511** of the Internal Revenue Code imposes a tax at corporate rates under section 11 on the unrelated business taxable income of certain tax-exempt organizations, including those described in section 501(c)(3).

**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 1.6001-1(e)** of the regulations states that the books or records required by this section shall be kept at all time 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 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 1.6033-1(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.

**Section 1.501(c)(3)-1(a)(1)** of the regulations states 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.

**Section 501(c)(3)** of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder or individual.

**Section 501(c)(4)** of the Code provides that a civic organization not organized for profit but operated exclusively for the promotion of social welfare is exempt from Federal income tax.

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**IRC section 501(c)(19)** provides for the exemption from federal income tax of a post or organization of veterans of the United States Armed Forces if such post or organization is:

- a. organized in the United States or any of its possessions,
- b. at least 75 percent of the members of which are past or present members of the Armed Forces of the United States and substantially all of the other members of which are individuals who are cadets or are spouses, widows, or widowers of past or present members of the Armed Forces of the United States or cadets, and
- c. no part of the net earnings of which inures to the benefit of any private shareholder or individual.

**Treas. Reg. section 1.501(c)(19)-1** provides that an organization described in section 501(c)(19) of the Code must be operated exclusively for one or more of the purposes listed in that section.

**Treas. Reg. section 1.501(c)(19)-1(c)** in order to be described in section 501(c)(19) an organization must be operated exclusively for one or more of the following purposes:

1. To promote the social welfare of the community;
2. To assist disabled and needy war veterans and members of the United States Armed Forces and their dependents;
3. To provide entertainment, care, and assistance to hospitalized veterans;
4. To carry on programs to perpetuate the memory of deceased veterans;
5. To conduct programs for religious, charitable, scientific, literary, or educational purposes;
6. To sponsor or participate in activities of patriotic nature;
7. To provide insurance benefits for their members;
8. To provide social and recreational activities for their members.

**Section 1.501(c)(3)-1(c)(1)** of the regulations provides that an organization will not be regarded as "operated exclusively" for one or more exempt purposes described in section 501(c)(3) of the Code if more than an insubstantial part of its activities is not in furtherance of a 501(c)(3) purpose. Accordingly, the organization does not qualify for exemption under section 501(c)(3) of the Code.

**Section 1.501(c)(10)-1(a)(2)** of the regulations provides that a domestic fraternal beneficiary society order, or association will only qualify if it devotes its net earnings exclusively to religious, charitable, scientific, literary, educational, and fraternal purposes.

*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.

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XX = Date

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**Taxpayer's position:**

The organization failed to reply to the proposed 30 day revocation letter (Letter 3618). The certified mail receipt was signed on August 11, 20XX.

**Conclusion:**

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.

It is the IRS's position that the organization failed to meet the reporting requirements under sections 6001 and 6033 to be recognized as exempt from federal income tax under 501(c)(3) of the Internal Revenue Code. Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

200808037



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
M/S 1112, P.O. BOX 12307  
OGDEN, UT 84412

Legend

ORG = Organization name

Address = address

ORG

Address

Taxpayer Identification number

Form(s)

990-PF

Tax Year(s) Ended:

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.

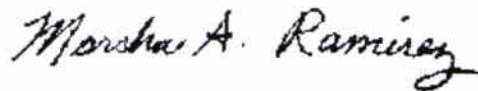
You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have 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

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 Ramirez  
Director, EO Examinations

Enclosures:  
Publication 892  
Publication 3498  
Form 4621-A, Report of Examination  
Form 6018  
Form 886-A, Explanation of Items