

200808033



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

1100 Commerce Street

Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: November 21, 2007

Legend

ORG = Organization name

Address = address

UIL: 501.03-01

XX = Date

Release Date: 2/22/08

ORG

Address

Person to Contact:

Badge Number:

Contact Telephone Number:

Contact Address:

Last Date for Filing Petition:

February 19, 20XX

CERTIFIED MAIL and RETURN RECEIPT

Dear :

This is a final notice of adverse determination that your exempt status under section 501(c) (3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is retroactively revoked to January 1, 20xx for the following reason(s):

You have not been operated exclusively for an exempt purpose as required by Internal Revenue Code section 501(c)(3). You have not demonstrated that you primarily engage in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3) as required by Treas. Reg. section 1.501(c)(3)-1(c)(1).

Contributions to your organization are no longer deductible effective January 1, 20XX.

Since your exempt status has been revoked, you are required to file Form 1120, U.S. Corporation Income Tax Return, for all years beginning on or after January 1, 20XX. The Forms 1120 for the years ended December 31, 20XX; December 31, 20XX and December 31, 20XX must be filed with this office within 30 days of the date of this letter unless a request for an extension of time is granted.

Send these returns to the following address:

Income tax returns for subsequent years are to be filed with the appropriate Service Center identified in the instructions for those returns.

It is further determined that your failure to file a written appeal constitutes a failure to exhaust your available administrative remedies. However, if you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United

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States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia before the (ninety-first) 91st day after the date that this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. To secure a petition form, write to the following address:

Please understand that filing a petition for a declaratory judgment under IRC section 7428 will not delay the processing of subsequent income tax returns and assessment of any taxes due.

The last day for filing a petition for declaratory judgment is February 19, 20XX.

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 the Taxpayer Advocate assistance or you can contact the Advocate from the site where this issue was determined by writing to:

Taxpayer Advocate assistance cannot be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in 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.

This letter should be kept within your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely,

Marsha A. Ramirez
Director, EO Examinations

Enclosures:
Publication 892

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

Legend

ORG = Organization name XX = Date XYZ = State Motto = motto
 Address = address City = city Founder = founder CO = 2nd company
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TAX YEARS ENDING DECEMBER 31, 20XX**ISSUES PRESENTED:**

1. Whether ORG is operated exclusively for exempt purposes described within Internal Revenue Code section 501(c)(3):
 - a. Whether ORG is engaged primarily in activities that accomplish an exempt purpose?
 - b. Whether more than an insubstantial part of ORG activities are in furtherance of a non-exempt purpose?
 - c. Whether ORG was operated for the purpose of serving a private benefit rather than public interests?
 - d. Whether any part of the net earnings of ORG inured to the benefit of any private shareholder or individual?

FACTS**Background**

ORG was incorporated under the laws of the State of XYZ pursuant to the XYZ Nonprofit Corporation Act on January 11, 20XX. In a determination letter dated March 6, 20XX, ORG was determined to be exempt from federal income tax as an organization described in IRC Section 501(c)(3). ORG is located at Address, City, XYZ.

In its Articles of Incorporation, ORG stated its purpose is "to create, develop and foster consumer motto to targets low to moderate-income individuals throughout the United States of America. To provide Technical Support for targeted communities that strengthen the social, economic and financial stability and development of families and individuals at risk of losing their good credit, becoming unemployed, bankrupt or in the process of rebuilding their credit or reentering the job market. To increase economic service delivery from existing community service providers to the intended recipients and to generate funding that will support technical services for the creation, development, expansion, and maintenance of viable economic development strategies for credit preservation. To generate, receive and maintain a fund or funds and to apply the income and principle thereof for charitable, religious, educational or scientific purposes within the United States of America. To formulate, structure, and implement programs directed toward the moral,

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ethical, cultural, civic, educational and economic regeneration, development and redevelopment of individuals, families and the community at large."

According to the form 1023 application for recognition of exemption, the specific activities for ORG include: Motto and training presented through Workshops, Seminars, One on One Counseling and distribution of educational literature, videos and various training mediums. Training also incorporates the used of technology such as computer literacy, on-line education, and improving or developing reading and writing skills. The use of an academic enhancement and enrichment strategy proves effective tools in establishing good credit habits for the target participants. To provide these disciplines, educational training, after-school tutoring: computer training and life skills training is made available by professional volunteers, educators and local businesses. The activities of ORG are supported by faith-based institutions, finance institutions: such as the banking industry and low income housing providers. These activities comprise 70 percent of ORG allocated time. The remaining 30 percent of ORG is distributed equally between assisting other service providers in development strategies for their intended recipients and developing manuals that can be replicated to target groups and individuals. Ninety percent of the activities are housed at local schools, community centers, low-income housing neighborhoods or churches. The remaining ten percent of time devoted to ORG is spent in the office or in the office of the agency or institution being assisted. All activities are scheduled Monday through Thursday 1 to 3 hours per session and may be held during business hours or after hours depending on the needs of the participants. Motto assistance is implemented by professionals and volunteers and monitored by the program's Executive Director. ORG also provides referral services to clients that have bad credit as a direct result of destructive lifestyles and chemical abuse. Prevention education to protect credit is offered to high-risk and at-risk youth and supported by various educational institutions. These targeted youth are identified through juvenile delinquency teachers, parents and faith-based organizations. Community forums are provided quarterly by ORG to foster community education and address contemporary issues affecting local residents. Each Forum is sponsored by Housing agencies serving low income residents and is hosted by a local low-income housing neighborhood or community center and coordinated by the local site manager. Topics of discussion and issues include and issues include: citizen's education; family preservation, budgeting classes, motto and career planning. ORG utilize counselors that have been certified through ORG training to facilitate counseling education for program participants.

Activity Description

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The primary activity engaged in by ORG during the year 20XX is the president and Founder of the organization do the most of the activities for the organization. She does credit restoration for clients that have bad credit or credit discrepancies on their credit report. The clients are referred from Referral 1, Referral 2, Referral 3 and other for profit and non-profit organizations. She conducts seminars at colleges such as College and XYZ University. The seminars helps prepare the students to handle their finances after graduation. College has several programs through the year and Founder presents the workshop and gives out material on budgeting and debt reduction as well as credit counseling. She also conducts seminars for organizations that are for-profit. She does not get paid for these seminars. Founder does not attend classes for continuing education for credit counseling. She basically concentrate on Credit restoration, which allows clients with low credit scores to evaluate their credit report and explain to them how to raise their score. At first appt. client meet Founder and talks about the situation their in. They discuss the Budget, money issues, assets, Income and expenses and let them know the cost of the service. Founder will then evaluate the issues and make a section as to what option is best for that client. She run credit report and explain to client how to read it and what they needs to provide to her to increase their credit score. On the second appointment the client have to bring proof of pay off papers for the accounts that have been paid off. They also have to provide proof of revised budget. She runs the credit report again to see if the scores are higher. Once the scores are high enough then she will refer them to Referral 1 which is the mortgage company that provides office space for the organization's activities. She also provides services for CO which was a very small part of her activities. She will set with client and ask them what is going on with their credit. She compiles the info on the budget, work history, etc. She evaluated the information and gave tips on how to have a better budget. If they need restoration she will charge a fee and try to help them restore their credit. She helps manage their credit for about 6 months. She calls to follow up on client progress. CO does all of the negotiations, receiving funds for the consolidations and disbursements to creditors.

The clients are referrals from different organizations and businesses around City, XYZ such as Referral 4, Referral 5, Referral 2 and Referral 1. These organizations and businesses have a personal interest in the services provided by ORG. When the Client comes in to the organization to request services by the ORG they pay a fee to Founder to discuss their credit history and what is needed to repair the credit report in order for the credit score to be high enough to purchase a home or whatever other reasons the client has for repairing his credit. She retrieve a copy of their credit report for a small fee and discuss the report with the client. The client may have to pay off a delinquent account, dispute an account that has already been paid off or make arrangement with the creditors to pay off an account in order to raise their credit score. Once they have completed

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the tasks that are recommended by Founder, they will return to the organization and have another credit report retrieved. Founder will again go over the report with the client to make sure the information is correct. Once the credit score is high enough she will then refer them to Referral 1 to apply for a mortgage for a home or if the client is recommended by Referral 2 they will go back to Referral 2 to continue with the purchase of the house. Not all of the clients purchase homes when their credit is repaired. They may be doing this for other reasons.

ORG is not related to CO by Board members. ORG has only 3 board members which are not board member for CO.

ORG (the non-profit) only has one active employee, Founder. She was once the owner of an organization called Company (a for-profit). The for-profit organization was dissolved in 19XX and the non-profit was established. She basically performed the same activities when the for-profit was in existence. She was informed that in order for her to provide services to CO, the organization had to become a non profit. The services provided which is described in the paragraph above, is not considered exempt activities according to the Section 501(c)(3) of the code. She performed a service and was paid for the services she performed by CO which also is a non-profit organization. The organization does very minimal amount of service for CO. The majority of income received by the organization is fees from clients for credit repair services. This activity is also not considered an exempt activity according to section 501(c)(3) of the code.

ORG has only one person controlling the finances. Founder receives the funds and deposits them in the organization's account. She uses a debit card for purchases. The purchases are for business and personal use. There is no control over the funds by the board members to assure the funds are used for the exempt purposes of the organization. The funds received from CO is deposited in Founder's personal account and she transfers the funds to the organization's account.

LAW

Section 501(a) of the Internal Revenue Code provides that an organization described in section 501(c)(3) is exempt from income tax. Section 501(c)(3) of the Code exempts from federal income tax corporations organized and operated exclusively for charitable, educational, and other purposes, provided that no part of the net earnings inure to the benefit of any private shareholder or individual. The term charitable includes relief of the poor and distressed. Section 1.501(c)(3)-1(d) (2), Income Tax Regulations.

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The term educational includes (a) instruction or training of the individual for the purpose of improving or developing his capabilities and (b) instruction of the public on subjects useful to the individual and beneficial to the community. Treas. Reg. § 1.501(c)(3)-1(d)(3). In other words, the two components of education are public education and individual training.

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

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities that 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. The existence of a substantial nonexempt purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279 (1945).

Educational purposes include instruction or training of the individual for the purpose of improving or developing his capabilities and instruction of the public on useful and beneficial subjects. Treas. Reg. § 1.501(c)(3)-1(d)(3). In Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purposes, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university.

In American Institute for Economic Research v. United States, 302 F. 2d 934 (Ct. Cl. 1962), the Court considered the status of an organization that provided analyses of securities and industries and of the economic climate in general. The organization sold subscriptions to various periodicals and services providing advice for purchases of individual securities. Although the court noted that education is a broad concept, and assumed for the sake of argument that the organization had an educational purpose, it held that the organization had a significant non-exempt commercial purpose that was not incidental to the educational purpose and was not entitled to be regarded as exempt.

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An organization must establish that it serves a public rather than a private interest and “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.” Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii). Prohibited private interests include those of unrelated third parties as well as insiders. Christian Stewardship Assistance, Inc. v. Commissioner, 70 T.C. 1037 (1978); American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989). Private benefits include an “advantage; profit; fruit; privilege; gain; [or] interest.” Retired Teachers Legal Fund v. Commissioner, 78 T.C. 280, 286 (1982).

An organization formed to educate people in Hawaii in the theory and practice of “est” was determined by the Tax Court to a part of a “franchise system which is operated for private benefit,” and, therefore, should not be recognized as exempt under section 501(c)(3) of the Code. est of Hawaii v. Commissioner, 71 T.C. 1067, 1080 (1979). Although the organization was not formally controlled by the same individuals who controlled the for-profit entity that owned the license to the “est” body of knowledge, publications, and methods, the for-profit entity exerted considerable control over the applicant’s activities by setting pricing, the number and frequency of different kinds of seminars and training, and providing the trainers and management personnel who are responsible to it in addition to setting price for the training. The court stated that the fact that the organization’s rights were dependent upon its tax-exempt status showed the likelihood that the for-profit entities were trading on that status. The question for the court was not whether the payments made to the for-profit were excessive, but whether the for-profit entity benefited substantially from the operation of the organization. The court determined that there was a substantial private benefit because the organization “was simply the instrument to subsidize the for-profit corporations and not vice versa and had no life independent of those corporations.”

The Service has issued two rulings holding credit counseling organizations to be tax exempt. Rev. Rul. 65-299, 1965-2 C.B. 165, granted exemption to a 501(c)(4) organization whose purpose was to assist families and individuals with financial problems and to help reduce the incidence of personal bankruptcy. Its primary activity appears to have been meeting with people in financial difficulties to “analyze the specific problems involved and counsel on the payment of their debts.” The organization also advised applicants on proration and payment of debts, negotiated with creditors and set up debt repayment plans. It did not restrict its services to the needy. It made no charge for the counseling services, indicating they were separate from the debt repayment arrangements. It made “a nominal charge” for monthly prorating services to cover

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postage and supplies. For financial support, it relied upon voluntary contributions from local businesses, lending agencies, and labor unions.

Rev. Rul. 69-441, 1969-2 C.B. 115, granted 501(c)(3) status to an organization with two functions: it educated the public on personal money management, using films, speakers, and publications, and provided individual counseling to "low-income individuals and families." As part of its counseling, it established budget plans, i.e., debt management plans, for some of its clients. The debt management services were provided without charge. The organization was supported by contributions primarily from creditors. By virtue of aiding low income people, without charge, as well as providing education to the public, the organization qualified for section 501(c)(3) status.

In the case of Consumer Credit Counseling Service of XYZ, Inc. v. U.S., 44 A.F.T.R.2d 78-5052 (D.D.C. 1978), the District Court for the District of Columbia held that a credit counseling organization qualified as charitable and educational under section 501(c)(3). It fulfilled charitable purposes by educating the public on subjects useful to the individual and beneficial to the community. Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)(b). For this, it charged no fee. The court found that the counseling programs were also educational and charitable; the debt management and creditor intercession activities were "an integral part" of the agencies' counseling function and thus were charitable and educational. Even if this were not the case, the court viewed the debt management and creditor intercession activities as incidental to the agencies' principal functions, as only approximately 12 percent of the counselors' time was applied to debt management programs and the charge for the service was "nominal." The court also considered the facts that the agency was publicly supported and that it had a board dominated by members of the general public as factors indicating a charitable operation. See also, Credit Counseling Centers of Oklahoma, Inc. v. United States, 79-2 U.S.T.C. 9468 (D.D.C. 1979), in which the facts and legal analysis were virtually identical to those in Consumer Credit Counseling Centers of XYZ, Inc. v. United States, discussed immediately above.

The organizations included in the above decision waived the monthly fees when the payments would work a financial hardship. The professional counselors employed by the organizations spent about 88 percent of their time in activities such as information dissemination and counseling assistance rather than those connected with the debt management programs. The primary sources of revenue for these organizations were provided by government and private foundation grants, contributions, and assistance from labor agencies and United Way.

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Outside the context of credit counseling, individual counseling has, in a number of instances, been held to be a tax-exempt charitable activity. Rev. Rul. 78-99, 1978-1 C.B. 152 (free individual and group counseling of widows); Rev. Rul. 76-205, 1976-1 C.B. 154 (free counseling and English instruction for immigrants); Rev. Rul. 73-569, 1973-2 C.B. 179 (free counseling to pregnant women); Rev. Rul. 70-590, 1970-2 C.B. 116 (clinic to help users of mind-altering drugs); Rev. Rul. 70-640, 1970-2 C.B. 117 (free marriage counseling); Rev. Rul. 68-71, 1968-1 C.B. 249 (career planning education through free vocational counseling and publications sold at a nominal charge). Overwhelmingly, the counseling activities described in these rulings were provided free, and the organizations were supported by contributions from the public.

Internal Revenue Code section 501(c)(3) specifies that an exempt organization described therein is one in which "no part of the net of earnings inures to the benefit of any private shareholder or individual." The words "private shareholder or individual" in section 501 to 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. 19XX). Reasonable compensation does not constitute inurement. Birmingham Business College v. Commissioner, 276 F.2d 476, 480 (5th Cir. 1960).

Where an organization provided a source of credit to companies of which a private shareholder was either an employee or an owner, the court found that a portion of the organization's net earnings inured to the benefit of that private shareholder. Easter House v. United States, 12 Cl. Ct. 476 (1987). That such loans were made showed that the companies controlled by the private shareholder had a "source of loan credit" in the organization.

The Credit Repair Organizations Act (CROA), 15 U.S.C. § 1679 *et seq.*, effective April 1, 19XX, imposes restrictions on credit repair organizations, including forbidding the making of untrue or misleading statements and forbidding advance payment, before services are fully performed. 15 U.S.C. § 1679b. Significantly, section 501(c)(3) organizations are excluded from regulation under the CROA.

The CROA defines a credit repair organization as:

- (A) any person who uses any instrumentality of interstate commerce or the mails to sell, provide, or perform (or represent that such person can or will sell, provide, or

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perform) any service, in return for the payment of money or other valuable consideration, for the express or implied purpose of—

- (i) improving any consumer’s credit record, credit history, or credit rating, or
- (ii) providing advice or assistance to any consumer with regard to any activity or service described in clause (i).

15 U.S.C. § 1679a(3). The courts have interpreted this definition broadly to apply to credit counseling agencies. The Federal Trade Commission’s policy is that if an entity communicates with consumers in any way about the consumers’ credit situation, it is providing a service covered by the CROA. In Re National Credit Management Group, LLC, 21 F. Supp. 2d 424, 458 (N.D.N.J. 19XX).

Businesses are prohibited from cold-calling consumers who have put their phone numbers on the National Do-Not-Call Registry, which is maintained by the Federal Trade Commission. 16 C.F.R. § 310.4(b)(1)(iii)(B); 47 C.F.R. § 64.1200(c)(2). Section 501(c)(3) organizations are not subject to this rule against cold-calling. Because 501(c)(3) organizations are exempt from regulation under the CROA and the cold-calling restrictions, organizations that are involved in credit repair have added incentives to be recognized as section 501(c)(3) organizations even if they do not intend to operate primarily for exempt purposes.

Exempt Organization’s Position

The outcome of the case was discussed with Founder, the President and founder of the organization. She agrees with the findings and stated she will sign the form 6018 agreement and agree with the revocation.

GOVERNMENT POSITION

The activities that ORG. engaged in is not considered exempt activities according to section 501(c)(3) of the code. The organization only has one person performing the majority of the activities. The income received by the organization is fees from clients and from CO for services provided by ORG. According to the form 1023 Application for Recognition of Exemption, The source of financial support for the organization will be Donations, Grants, Fundraising Events & Private Sponsors.

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ORG to this day has not received funding from either of these sources. The only funding received is fees from clients for services performed.

According to the Articles of Incorporation, no part of the net earnings of the Corporation shall inure to the benefit of any director, officer of the Corporation or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation) and no officer of the Corporation or any private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation. ORG. does not have control over the funds to ensure they are being used for the exempt purpose of the organization. The organization has one account and only one person Founder, the president and founder of the organization, controls the funds in that account. She uses the funds for business and personal expenditures. There is no documentation signed by the board of directors that shows the amount of salary that Founder is to receive for her services. This is considered inurement under section 501(c)(3) of the code.

CONCLUSION

In summary, ORG was not operated exclusively for exempt purposes, because it did not engage primarily in activities that accomplish an exempt purpose. More than an insubstantial part of ORG activities are in furtherance of a non-exempt purpose. ORG was operated for the purpose of serving a private benefit rather than public interests, and a part of the net earnings of ORG inured to the benefit of a private shareholder or individual. Accordingly, it is determined that ORG is not an organization described in section 501(c)(3), and is not exempt from income tax under section 501, effective January 1, 20XX.

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
Internal Revenue Service
1100 Commerce St., M/C 4900-DAL
Dallas, Texas 75242

ORG
Address

Taxpayer Identification Number:

Form:
990

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.

Letter 3618 (04-2002)
Catalog Number 34809F

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:

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