



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TE/GE – EO Mandatory Review
1100 Commerce Street, MC 4920-DAL
Dallas, TX 75242

Number: **200829051**

Release Date: 7/18/2008

LEGEND

ORG = Organization name

XX = Date

UIL: 501.03-01

Address = address

Date: March 27, 2008

ORG
ADDRESS

Employer Identification Number:

Person to Contact:

Identification Number:

Contact Telephone Number:

In Reply Refer To:

TE/GE Review Staff

LAST DAY FOR FILING A

PETITION WITH TAX COURT:

June 25, 20XX

CERTIFIED MAIL – Return Receipt Requested

Dear :

This is a Final Adverse Determination revoking your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reasons:

ORG has not established that you have been operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3). You are not a charitable organization within the meaning of Treasury Regulations 1.501(c)(3)-1(d) in that you failed to establish that you were operated exclusively for an exempt purpose. During the examination we were advised that the entity was no longer viable and records would be provided to document this fact. This information was never submitted to the Service nor did you document any activities for the period under examination.

Based upon the above, we are revoking your organization's exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code retroactively to January 1, 20XX.

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

You are required to file Federal income tax return Form 1120 for all years beginning after December 31, 20XX. Form 1120 must be filed by the 15th day of the third month after the end of your annual accounting period. You are required to file Form 1120 with the appropriate Internal Revenue Campus.

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.

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. You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the local Taxpayer Advocate office by calling, faxing or writing to: Internal Revenue Service, Taxpayer Advocates Office.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals process, 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,

Marsha A. Ramirez
Director, EO Examinations



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 an adjustment of your organization's exempt status is necessary.

If you do not agree with our position you may appeal your case. The enclosed Publication 3498, *The Examination Process*, explains 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.

If you request a conference, we will forward your written statement of protest to the Appeals Office and they will contact you. For your convenience, an envelope is enclosed.

If you and Appeals do not agree on some or all of the issues after your Appeals conference, or if you do not request an Appeals conference, you may file suit in United States Tax Court, the United States Court of Federal Claims, or United States District Court, after satisfying procedural and jurisdictional requirements as described in Publication 3498.

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

If you accept our findings, please sign and return the enclosed Form 6018, *Consent to Proposed Adverse Action*. We will then send you a final letter modifying or revoking exempt status. If we do not hear from you within 30 days from the date of this letter, we will process your case on the basis of the recommendations shown in the report of examination and this letter will become final. In that event, you will be required to file Federal income tax returns for the tax period(s) shown above. File these returns with the Ogden Service Center within 60 days from the date of this letter, unless a request for an extension of time is granted. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

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
Form 6018
Report of Examination
Envelope

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer ORG		Year Ended 20XX12

LEGEND

ORG = Organization name XX = Date Employee = employee Founders = founders

ISSUE:

Has the ORG met the requirements to qualify for tax exempt status under 501(c)(3) of the Internal Revenue Code?

FACTS:

ORG was recognized by the Internal Revenue Service as a tax exempt organization under 501(C)(3) of the Internal Revenue Code in December 19XX. The primary activities of the organization is to secure books, school supplies, equipment and other educational materials to lift the burden of unrealized potential from students and teachers.

On September 9, 20XX, the Internal Revenue Service sent a certified letter request a return to be filed for year ending December 31, 20XX. On October 22, 20XX, the Internal Revenue Service received the certified receipt.

On October 30, 20XX, the Internal Revenue Service sent a certified letter to a different address that was located during research. Letter was not picked up.

On January 11, 20XX, the Internal Revenue Service sent a certified letter to Founders home address. Letter was returned undeliverable.

On January 30, 20XX, the internal Revenue Service received faxed correspondence along with Form 990 for year ending December 31, 20XX that was stamped by the Internal Revenue Service on November 10, 20XX. The faxed information was sent by Employee.

On March 16, 20XX, the Internal Revenue Service commenced an examination of the organization for the fiscal year ended December 31, 20XX to determine if the organization is operating exclusively for tax exempt purposes. As part of the examination, an interview was conducted and information regarding the organization's activities was requested via Information Document Requests (IDR).

IDR number 01 was sent to Founders and Employee on March 20, 20XX and requested the following information/documents:

1. Articles of incorporation and all amendments.
2. Bylaws.
3. IRS exemption letter.
4. Original application for exempt status.
5. Minutes of board of director's meeting from 20XX through 20XX.

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6. Newsletter, pamphlets, brochures.
7. Interview with officers.
8. All accounting records (G/L, checks, invoices, etc.).

On April 14, 20XX the Internal Revenue Service drove to the last know location of the Exempt Organization. Another organization was located at the address.

On April 19, 20XX, the Internal Revenue Service received a phone call from Employee. She stated that the organization was not operational since 20XX. She was going to send related information on the organization.

On June 6, 20XX, IDR-02 was sent to the organization because the Internal Revenue Service had not received any response from the organization in regards to IDR 01 and the information was requested during a phone conversation with Employee. The IDR-02 repeated the request for information during the phone conversation.

To date, the Internal Revenue Service has not received any of the requested information or documents from the organization.

LAW

Internal Revenue Code Section 501(c)(3) provides for tax exemption to organizations organized and operated exclusively for charitable purposes and no part of the net earning which inures to the benefit of any individual.

Regulation section 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.

Regulation section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Form 886-A	EXPLANATION OF ITEMS	Schedule or Exhibit No.
Name of Taxpayer ORG		Year Ended 20XX12

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Regulation section 1.501(c)(3)-1(d)(1)(ii) provides 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, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Section 1.6033-2(h)(2) of the Income Tax Regulations provides, in part, that every organization which is exempt from tax shall submit such additional information as may be required by the Internal Revenue Service for the purposes of inquiring into its exempt status.

Revenue Ruling 59-95 provides that a failure to file required information return or comply with the provision 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 an exempt status.

GOVERNMENT'S POSITION

ORG has not met the requirements to qualify for tax exempt status under 501(c)(3) of the Internal Revenue Code.

ORG's activities are not exclusively in furtherance of a 501(c)(3) purpose.

ORG has not complied with the IRS' requests for information to determine if it is still qualified for tax exempt status under 501(c)(3) of the Code.

Therefore, revocation of ORG's tax exempt status is recommended effective January 1, 20XX.