



**DEPARTMENT OF THE TREASURY**

**INTERNAL REVENUE SERVICE**

**TE/GE: EO Examinations**

**625 Fulton Street, Room 503**

**Brooklyn, NY 11201**

501.03-00

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**June 28, 2010**

**Number: 201040032**

**Release Date: 10/8/2010**

**LEGEND**

ORG = Organization name

XX = Date Address = address

**Taxpayer Identification Number:**

**Person to Contact:**

**Identification Number:**

**Contact Telephone Number:**

**ORG**

**ADDRESS**

**CERTIFIED MAIL**

Dear :

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the Code). Our favorable determination letter to you dated August 1, 19XX is hereby revoked and you are no longer exempt under section 501(a) of the Code effective July 1, 20XX.

You have failed to establish that you are operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3), and that no part of your net earnings inure to the benefit of private shareholders or individuals. You failed to respond to repeated reasonable requests to allow the Internal Revenue Service to examine your records regarding your receipts, expenditures, or activities as required by I.R.C. sections 6001 and 6033(a)(1).

Contributions to your organization are no longer deductible under IRC §170.

You are required to file income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the tax year ending June 30, 20XX and for all tax years thereafter in accordance with the instructions of the return.

Processing of income tax returns and assessments 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 under the declaratory judgment provisions of section 7428 of the Code, a petition to the United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia must be filed before the 91<sup>st</sup> Day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgments by referring to the enclosed Publication 892. You may write to these courts at the following addresses:

You also 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 contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Nanette M. Downing  
Director, EO Examinations

Enclosure:  
Publication 892

Letter 3607(04-2002)  
Catalog Number: 34198J



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**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
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June 28, 2010

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ORG = Organization name

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Sincerely,

Nanette M. Downing  
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**DEPARTMENT OF THE TREASURY**

INTERNAL REVENUE SERVICE  
TE/GE EO Examinations  
4330 Watt Avenue, SA-6209 HG  
Sacramento, CA 95821

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

January 27, 2010

Taxpayer Identification Number:  
Form:  
Tax Year(s) Ended  
Person to Contact/ID Number:  
Contact Numbers:  
Telephone:                      Fax:

ORG  
ADDRESS

**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 is necessary.

If you accept our findings, please sign and return the enclosed Form 6018, Consent to Proposed Action - Section 7428. If you have already given us a signed Form 6018, you need not repeat this process. 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 Organization 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.

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,

Renee Wells  
Acting Director, EO Examinations

Enclosures:  
Publication 892  
Publication 3498  
Report of Examination  
Form 6018

Form <b>886-A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit 1 of 4
Name of Taxpayer ORG	Tax identification number EIN	Year/Period Ended 20XX06

**LEGEND**

ORG = Organization name      XX = Date      Address = address      City = city  
 State = state      Phone = phone      CEO = Ceo      President = president  
 CO-1 & CO-2 = 1<sup>st</sup> & 2<sup>nd</sup> COMPANIES

**Issue:**

Should the tax-exempt status, under Internal Revenue Code section 501(c)(3), ORG be revoked for failing to demonstrate to the Service that they are properly operating as an organization exempt under the aforementioned code section?

**Facts:**

ORG was incorporated February 13, 19XX. Its specific purpose is to operate a system of transition houses or half way homes for recovering alcoholics/addicts. ORG received exemption from Federal income tax under section 501(c) (3) of the Internal Revenue Code on August 1, 19XX.

Organization has a Form 990 filing requirement, however that form has not been filed since December 31, 20XX.

On 01/27/20XX, revenue agent mailed an audit notification letter to ORG at Address, City, State. The aforementioned letter was returned to revenue agent as "Attempted Not Known Unable to Forward" on February 06, 20XX.

On 02/06/20XX, the letter was returned as "Attempted Not Known Unable to Forward" for Address, City, State. Revenue agent called phone number Phone for ORG; however, the phone number was no longer in service.

On 02/06/20XX, revenue agent resent an audit notification letter to ORG's Chief Executive Officer, CEO, at Address, City, State; however, the organization did not respond.

On 2/06/20XX, revenue agent prepared an Address Information Request for ORG and its Chief Executive Officer, CEO, at Address, City, State. Post Office responded respectively, "Mail is Delivered to Address Given", on February 12, 20XX.

On 3/17/20XX, revenue agent sent the follow-up letter to ORG's Chief Executive Officer, CEO, at Address, City, State to inform the organization that if the organization did not provide the requested information by March 31, 20XX then we will proceed with the revocation. The organization did not respond.

Form <b>886-A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit 2 of 4
Name of Taxpayer ORG	Tax identification number EIN	Year/Period Ended 20XX06

On 3/17/20XX, revenue agent prepared an Address Information Request for ORG's President, President, at Address, City, State. Post Office responded, "Not known At Address Given", on March 25, 20XX.

On 3/17/20XX, revenue agent prepared an Address Information Request for ORG's President, President, at Address, City, State. Post Office did not respond.

On 4/1/20XX, revenue agent prepared second Address Information Request for ORG's President, President, at Address, City, State. Post Office responded, "Moved, Left No Forwarding Address", on April 17, 20XX.

On 4/8/20XX, revenue agent resent the follow-up letter via certified mail to ORG's Chief Executive Officer, CEO, at Address, City, State to inform the organization that if the organization did not provide the requested information by March 31, 20XX then we will proceed with the revocation. The organization's Chief Executive Office, CEO, acknowledged that he received the letter by signing the PS Form 3811 on April 9, 20XX.

On 4/8/XX, revenue agent prepared an Address Information Request for ORG, at Address, City, State. Post Office responded, "Not Known At Address Given", on May 05, 20XX.

On 4/8/XX, revenue agent prepared an Address Information Request for ORG's President, President, at Address, City, State. Post Office responded, "No Such Address", on May 14, 20XX.

On 05/08/XX, revenue agent sent an audit notification letter to ORG's President, President, at Address, City, State via certified mail and regular mail.

On 05/11/XX, revenue agent prepared an Address Information Request for ORG's President, President, at Address, City, State. Post Office responded, "Mail is Delivered to Address Given", on June 10, 20XX.

On 06/25/XX, certified mail for audit notification letter was return as "Unclaimed" from post office; however, regular mail for audit notification letter did not return.

On 1/26/20XX, revenue agent visited the organization's last known address at Address, City, State; however, ORG is no longer at this location. CO-1, a grocery store, is the new business that occupied at this address and it has been there for about a year; furthermore, staffs of CO-2 indicated that ORG was closed long time ago, but they did not remember when.



Form <b>886-A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit 3 of 4
Name of Taxpayer ORG	Tax identification number EIN	Year/Period Ended 20XX06

Accurint and IDRS research resulted in current address information on Chief Executive Officer, CEO, at Address, City, State and President, President, at Address, City, State

All attempts to contact ORG's Chief Executive Officer, CEO and President, President were unsuccessful.

**Law:**

Internal Revenue Code section 501(c)(3) includes 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 to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Regulations section 1.501(c)(3)-1(c)(1) states 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.

Regulations section 1.6001-1(c) states that every organization which is exempt from tax under section 501(a) shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by section 6033.

Regulations section 1.6001-1(e) 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 so long as the contents thereof may become material in the administration of any internal revenue law.

Regulations section 1.6033-2(i)(2) states that every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service **for the purpose of inquiring into its exempt status** and administering the provisions of subchapter F (section 501 and following), chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code.

Form <b>886-A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule No. or Exhibit 4 of 4
Name of Taxpayer ORG	Tax identification number EIN	Year/Period Ended 20XX06

**Government's Position:**

In order to qualify for and maintain exemption from income tax per Internal Revenue Code section 501(c)(3), it must be demonstrated that the organization is operated for any of the exempt purposes set forth in the aforementioned section. As documented in the "facts" section of this report, ORG and its officer(s) could not be contacted. Thus, an audit of the organization's books and records could not be conducted by the agent. As a result, the organization failed to demonstrate to the Secretary that it is operated for any if the exempt purposes as described in Internal Revenue Code section 501(c)(3).

Per Regulations section 1.6033-2(i)(2), in order to demonstrate that an organization should be exempt from taxation, adequate and proper records must be maintained and provided to the Internal Revenue Service. The organization failed to provide a means to be contacted and thus, failed to make available to the Service, the records necessary to demonstrate that it operates for the furtherance of some exempt activity as set forth in section 501(c)(3) of the Internal Revenue Code.

**Taxpayer's Position:**

Numerous attempts were made, but the officers of ORG could not be successfully contacted by the Internal Revenue Service. Thus, an opinion/position from ORG could not be obtained.

**Conclusion:**

The tax-exempt status of ORG under Internal Revenue Code section 501(c) (3) must be **revoked** effective July 1, 20XX. Thus, contributions to ORG are no longer tax deductible.