



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TEGE EO Examinations Mail Stop 4920 DAL
1100 Commerce St.
Dallas, Texas 75242

501.03-00

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Number: 201050038
Release Date: 12/17/2010

Date: September 3, 2010

LEGEND

ORG = Organization name
XX = Date Address = address

ORG
ADDRESS

Taxpayer Identification Number:
Person to Contact:
Employee Identification Number:
Employee Telephone Number:
(Phone)
(Fax)

CERTIFIED MAIL – RETURN RECEIPT

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 19XX is hereby revoked and you are no longer exempt under section 501(a) of the Code effective January 1, 20XX.

The revocation of your exempt status was made for the following reason(s):

Organizations described in IRC 501(c)(3) and exempt under section 501(a) must be both organized and operated exclusively for exempt purposes. You have failed to produce documents to establish that you are operated exclusively for exempt purposes and that no part of your net earnings inures to the benefit of private shareholders or individuals. You failed to respond to repeated reasonable requests to show that you had properly terminated by providing to the IRS your Articles of Dissolution, documentation showing proper distribution of assets, and a final tax return.

Contributions to your organization are no longer deductible under IRC §170 after January 1, 20XX.

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 December 31, 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 91st 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 the United States Tax Court at the following address:

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

Enclosures:
Publication 892



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE

TEGE EO Examinations

30 East 7th St. Suite 1130B

Mail Stop 4925

St. Paul, MN 55101

Date: June 2, 2010

LEGEND

ORG = Organization name XX = Date Address = address

ORG

ADDRESS

Taxpayer Identification Number:

Form:

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, 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, EQ 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. TM 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,
Nanette M. Downing
Director, EO Examinations

Enclosures:
Form 6018
Publication 892
Publication 3498
Report of Examination
in Lieu of Letter 3618

Form 886-A (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit
Name of taxpayer ORG	Tax Identification Number	Year(s) ended: December 31, 20XX December 31, 20XX December 31, 20XX

LEGEND

ORG = Organization name XX = Date VP = VP

Issue:

Whether ORG located in City, State continues to qualify for exemption under Section 501(c)(3) of the Internal Revenue Code?

Facts:

ORG is an exempt organization located in City, State. The organization is exempt under Section 501 (c) (3) of the Internal Revenue Code (IRC). The organization was granted their exempt status in August 1996 and has a foundation status classification code under Section 509 (a)(1) of the IRC.

The organization submitted their Form 990 for tax year ending December 31, 20XX on August 20, 20XX to the Internal Revenue Service (IRS). The exempt purpose for the organization was stated as "service connections for homeless and at-risk veterans in the areas of housing, jobs/employment, legal services, IRS veteran services, county and state benefits".

The tax return had a letter attached that explained the late filing of the return because the President assured the members of the board of directors that "any forms required to be filed had been". The letter also explained that "we are in the process of disbanding ORG", with the "total net worth" of the organization being "\$" after payment of outstanding obligations.

A review of IRS records indicated the organization is currently listed as an active organization. A final Form 990 has not been filed for tax years 20XX, 20XX or 20XX.

On March 2, 20XX, Letter 3606 was issued with Information Document Request (IDR) Number 1. IDR Number 1 requested the organization submit documentation showing they had properly dissolved as an exempt organization. The letter and attachments are attached as Exhibit A. On March 3, 20XX, a copy of the March 2, 20XX letter and attachments was issued to VP, the Vice-President of ORG. This is attached as Exhibit B.

A second letter was issued on March 11, 20XX which requested the organization submit the items requested in IDR Number 1 along with a final Form 990 with Schedule A. This letter is attached as Exhibit C.

Law:

IRC Section (§) 501(c)(3) exempts from Federal income tax: corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific,

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testing for public safety, literary, or educational purposes, 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 and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

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

IRC § 6033(a)(1) provides, except as provided in IRC § 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 Service laws. The Secretary may also prescribe by forms or regulations the requirement of every organization to 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.

Treas. Reg. § 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 Service officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Treas. Reg. § 1.6033-1(h)(2) 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 IRC § 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 IRC § 6033 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 IRC § 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

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sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status.

Taxpayer's Position

The taxpayer's position is unknown at this time.

Government's Position

ORG was requested to provide books and records to the IRS to show they continue to be exempt under Section 501 (c) (3) of the IRC. The organization explained in a letter attached to their Form 990 for tax year ending December 31, 20XX that they were in the process of dissolving the organization. The letter also stated their final obligations and assets available to pay these obligations, with an anticipated amount of funds available after the obligations were paid to be \$. A review of IRS records indicates the organization continues to be an active organization and has not submitted any documentation to show they have dissolved as an exempt organization under IRC § 501 (c)(3) of the Code.

The organization did not file a Form 990 for tax year(s) ending December 31, 20XX, December 31, 20XX, and December 31, 20XX. Under IRC Section 6001 and 6033, an exempt organization must keep records and file an annual tax return. Treasury Regulation 1.6001-1(h)(2) provides that "every organization which has established its right to exemption from tax" is required to submit information as required to inquire if an organization shall continue to be exempt. The organization stated that they were going to dissolve in the August 20, 20XX letter received by the IRS, with no information submitted showing any dissolution actions taken by the organization. It is the Government's position that ORG failed to file a final tax return showing they had dissolved as an exempt organization.

Documentation showing all of the organization's assets had been distributed; with a zero balance, belonging to the exempt organization in their bank account was requested in the correspondence issued to the organization. Without proper documentation from ORG, it is unknown if any assets remain in the possession of this exempt organization. The organization failed to provide books and records in accordance with Treas. Reg. § 1.6001-1(e) that demonstrates there are no assets remaining and that assets have been distributed to another IRC § 501 (c) (3).

Since this organization was incorporated with the State of _____, the organization is required to provide approved Articles of Dissolution showing they have been filed and approved by the Secretary of State. As stated in Treas. Reg. § 1.6033-1(h)(2), an exempt organization is required to submit additional information as necessary to determine their continued existence as an exempt organization. The organization has not submitted this information as requested in the two letters issued to the organization.

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Conclusion:

ORG of City, State has failed to meet the reporting requirements as an exempt organization as required under IRC Sections 6001 and 6003, along with Treasury Regulations 1.6001-1(a), 1.6001-1(e), and 1.6033(1)(2). The organization did not submit information showing they had properly terminated by providing to the IRS their Articles of Dissolution, documentation showing proper distribution of assets, or filing a final tax return. Accordingly, since the organization has failed to observe the requirements to provide information as requested showing their continued existence as an exempt organization by submitting requested information to the IRS and filing a final Form 990, their exempt status is revoked effective January 1, 20XX.