

Internal Revenue Service

Department of the Treasury
Exempt Organizations

Number: **201340022**

Release Date: 10/4/2013

Date: February 4, 2009

Legend:

ORG = Name of Organization

ADDRESS= Address of Org

ORG

ADDRESS

UIL: 501.10-00

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 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 revoking your 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,

Vicki L. Hansen
Acting Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Form 6018
Report of Examination
Envelope

Form 886-A (Rev. Jan. 1994)	EXPLANATION OF ITEMS	Schedule Number or Exhibit:
Name of Taxpayer: ORG	Tax Identification Number:	Year/Period Ended: September 31, 20xx

LEGEND:

ORG = Name of Organization

State = Name of State

Year = xx

ISSUE

Whether ORG qualifies for exemption under §501(c)(10) of the Internal Revenue Code when it refuses to provide records and information, needed to determine if it qualifies for exemption under §501(c)(10).

FACTS

An audit of ORG was initiated for the tax year ending September 30, 20xx

ORG is a recognized subordinate the Parent, who has been recognized an IRC §501(c)(10) organization since October 19xx. ORG has filing requirements for the Form 990, 941, and 940-EZ. Since 19xx, has filed Forms 941 and 940-EZ, but has not filed a Form 990.

On November 7, 20xx the existence and location of ORG was verified through internal and public sources. On the ORG is listed as an active subordinate. According to the Internal Revenue Service and Accurint, the official address.

On November 28, 20xx the initial contact letter, Letter 3606, informing ORG of the examination along with Publication 1 and Information Document Request ("IDR") 01 was mailed to the address of record. IDR 01 was requested "in order to confirm the organization's compliance with the exemption requirements for which it was recognized." No response to IDR 01 was received by the requested due date of December 29, 20xx.

On March 8, 20xx ORG was contacted via telephone and a message was left of the answering machine requesting a return call. A follow-up to the initial IDR request was made via Letter 1477. Included in the package sent to Parent was Publication 892, Publication 3498, and IDR 02. IDR 02 was sent via United States Postal Service's Certified Mail service on March 8, 20xx. IDR 02 was requested "in order to confirm the organization's compliance with the exemption requirements for which it was recognized."

On March 15, 20xx, the Certified Mail Return Receipt was received by the Internal Revenue Service's post-of-duty. The Return Receipt was signed by Officer of ORG on March 14, 20xx. No response to IDR 02 was received by the requested due date of March 29, 20xx

On March 20, 20xx Letter 3617 was issued notifying the organization of a suspension of the examination process. On October 3, 20xx, IDR 03 was sent to Parent. IDR 03 is a third request for the same information requested in IDR 01. No response to IDR 03 was received by the requested due date of October 17, 20xx.

On November 1, 20xx, follow-up letter 1477 along with Publication 892, Publication 3498, and IDR 04 was mailed to ORG. This communication was sent using United States Postal Service's Certified Mail service. IDR 04 is the fourth request for information from the organization.

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Exhibit A provides copies of the Internal Revenue Service correspondence requesting that ORG provide access to its financial books and records for the tax period ending September 31, 20xx. ORG failed to respond to the Internal Revenue Service correspondence.

LAW

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 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 1.6001-1(a) of the regulations in conjunction with section 1.6001-1(c) provides that every organization exempt from tax under section 501(a) of the Code and subject to the tax imposed by section 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by section 6033.

Section 1.6001-1(e) of the regulations 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 as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-2(i)(2) of the regulations provides 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.

Revenue Ruling 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.

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.

TAXPAYER'S POSITION

Form 886-A (Rev. Jan. 1994)	EXPLANATION OF ITEMS	Schedule Number or Exhibit:
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Taxpayer's position has not been provided.

GOVERNMENT'S POSITION

ORG has failed to provide information to support the activities and operations of the organization for the year ended September 31, 20xx. ORG failed to establish that it is observing the conditions required for continuation of exempt status. The organization was advised of the consequences of failing to provide information on several occasions, as well as given an adequate opportunity to provide the requested information. As a result of the failure to provide information necessary to verify and substantiate compliance as an IRC § 501(c)(10) recognized organization, we have determined that ORG no longer qualifies as an exempt private foundation described in IRC § 501(c)(10).

We propose a revocation of your exempt status under § 501(c)(10) of the Internal Revenue Code effective October 1, 20xx.

CONCLUSION

It is the IRS's position that ORG failed to meet the reporting requirements under sections 6001 and 6033 to be recognized as exempt from federal income tax under §501(c)(10) of the Internal Revenue Code. Accordingly, the organization's exempt status is revoked effective October 1, 20xx. For all tax periods after September 31, 20xx, ORG is required to file Form 1120.