



**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service  
TE/GE EO Examinations**

1100 Commerce Street, MC 4920DAL  
Dallas, TX 75242

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**Date:** March 29, 2017

**Release Number: 201742026**  
**Release Date: 10/20/2017**

**Taxpayer Identification Number:**

**Person to Contact:**

**Employee Identification Number:**

**Employee Telephone Number:**

**UIL: 501.03-00**

**CERTIFIED MAIL – Return Receipt Requested**

Dear \_\_\_\_\_ :

This is a Final Adverse Determination Letter as to your exempt status under section 501(c)(3) of the Internal Revenue Code. Your exemption from Federal income tax under section 501(c)(3) of the Code is hereby revoked effective January 1, 20xx.

Our adverse determination was made for the following reasons:

Organizations described in section 501(c)(3) of the Code and exempt under section 501(a) of the Code must be both organized and operated exclusively for exempt purposes. You have failed to produce documents or otherwise 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. The Internal Revenue Service was unable to examine your records regarding your receipts, expenditures, or activities as required by sections 6001 and 6033(a)(1) of the Code and Rev. Rul. 59-95, 1959-1 C.B. 627.

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

You are required to file Federal income tax returns on Form 1120. If you have not already filed these returns and the agent has not provided you instructions for converting your previously filed Form 990 to Form 1120, you should file these income tax returns 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, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: United States Tax Court, the United States Court of Federal Claims, or the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed before the 91st day after the date this determination was mailed to you if you wish to seek review of our determination. Please contact the clerk of the respective court for rules and the appropriate forms regarding filing petitions for declaratory judgment by referring to the enclosed Publication 892. Please note that the United States Tax Court is the only one of these courts where a declaratory judgment action can be pursued without the services of a lawyer. You may write to the courts at the following addresses:

United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

US Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20005

U. S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
Washington, DC 20001

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov) or call 1-877-777-4778.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

for

Maria Hooke  
Director, Exempt Organizations Examinations

Enclosures:  
Publication 892



**Department of the Treasury**  
**Internal Revenue Service**  
**Tax Exempt and Government Entities Division**  
Exempt Organizations Examinations

Date:  
October 20, 2016  
Taxpayer Identification Number:

Form:

Tax year(s) ended:

Person to contact / ID number:

Contact numbers:  
Phone Number:  
Fax Number:  
Manager's name / ID number:

Manager's contact number:  
Phone Number:  
Response due date:

**Certified Mail - Return Receipt Requested**

Dear \_\_\_\_\_ :

**Why you are receiving this letter**

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

**What you need to do if you agree**

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

**Effect of revocation status**

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

**What you need to do if you disagree with the proposed revocation**

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the

IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't 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:

Internal Revenue Service  
Office of the Taxpayer Advocate

**For additional information**

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,

Margaret Von Lienen  
Director, EO Examinations

Enclosures:  
Report of Examination  
Form 6018  
Publication 892  
Publication 3498

Form <b>886A</b>	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	<b>Schedule No. or Exhibit</b>
<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20xx

**ISSUE:**

Whether \_\_\_\_\_ is operating for exempt purposes described within Internal Revenue Code section 501(c)(3)?

**FACTS:**

**Form 1023 – Application for Recognition of Exemption Under Section 501 (c)(3) of the Internal Revenue code.**

On February 19, 20xx, \_\_\_\_\_, hereinafter, “\_\_\_\_\_” or “organization”, filed Form 1023 with the Internal Revenue Service, hereinafter “IRS” or the “Service”. The application described their primary mission to operate for the advancement of charitable, religious, educational, and scientific purposes through various projects. Examples were the following:

- Disseminating educational materials in several areas:
  - Providing informational materials for the injured and disable with regard to their varying options under the current legal system.
  - Educating young people pursuant to character building philosophy by advocating that physical force should be limited to self-defense.
  - Providing the structural relationship necessary for student and teacher mentor relationships based on the realization that character and effective skills may best be learned by observation and evaluation.
- Disseminating informational materials in several areas:
  - Providing a registry of environmentally polluted sites, as well as providing an overview of the different issues and concerns regarding manmade pollution and its effects on human health and the environment.
  - Providing information and examples of circumstances where the lives of innocent victims are transformed by wrongful accusations or “false light” portrayals. The significant impact of false allegations on the lives of the innocent will be examined.
  - Providing information and education about resolving potentially serious health problems, which may be aggravated by long term exposure to stress.

In a letter dated June 24, 20xx, \_\_\_\_\_ was recognized as an organization described in section 501 (c) (3) of the Internal Revenue Code.

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Since their recognition, organization has been filing Form 990-N Postcard. Organization status is Active as a Not For Profit Corporation in the

**Examination**

In a letter dated August 22, 20xx, was notified that organization had been selected for examination for tax year ended December 31, 20xx.

In the first communication with the organization, on September 6, 20xx, representative stated that organization had not had any activities and/or financial transactions since its formation. Organization hasn't been operating. Their activities have not been provided and organization does not have any bank account or financial documentation. This information was confirmed during a meeting with the representative on September 20, 20xx.

**LAW:**

Section 501(c)(3) of the Code exempts from federal income tax organizations organized and **operated** exclusively for charitable, educational, and other exempt purposes, provided that no part of the organization's net earnings inures to the benefit of any private shareholder or individual.

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) of the Code, the organization must be one that is **both** organized and **operated** exclusively for one or more of the purposes specified in that 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 not be regarded as operated exclusively for exempt purposes if more than an insubstantial part of its activities is not in furtherance of exempt purposes.

**TAXPAYER'S POSITION:**

The exempt organization's position has not been determined.

**GOVERNMENT'S POSITION:**

Section 1.501(c)(3)-1(a)(1) of the regulations stated that in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must be one that is **both** organized

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<b>Name of Taxpayer</b>		<b>Year/Period Ended</b> December 31, 20xx

and **operated** exclusively for one or more of the purposes specified in that section. If an organization fails to meet either the organizational test or the **operational** test, it is not exempt.

failed to establish their compliance with the operational test in order to maintain their 501(c) (3) exemption.

**CONCLUSION:**

It is the IRS's position that the organization does not qualify as exempt from Federal income tax under section 501(c) (3) of the Internal Revenue Code.