



DEPARTMENT OF THE TREASURY

Internal Revenue Service
TE/GE EO Examinations
1100 Commerce Street
Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: FEB -9 2018

Release Number: **201830015**
Release Date: 7/27/2018
UIL Code: 501.03-00

Person to Contact:
Identification Number:
Employee Telephone Number: In Reply
Refer to: TE/GE Review Staff
EIN:

LAST DATE FOR FILING A PETITION WITH
THE TAX COURT: **MAY 10 2018**

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 I.R.C. § 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 or otherwise establish that you are operated exclusively for exempt purposes and that no part of your net earnings inures 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 §§ 6001, 6033(a)(1) and Rev. Ru! 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. We 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 our assistance, which is always free, we will do everything possible to help you. Visit 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,



Maria Hooke
Director, EO Examinations

Enclosures:
Publication 892



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

Date:
August 8, 2017
Taxpayer Identification Number:

Form:

Tax year(s) ended:
December 31, 20XX
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:
September 8, 2017

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,



Director, EO Examinations

Enclosures:

Report of Examination

Form 6018

Form 4621

Copy of Form 1023EZ

Copy of Determination Let.

Publication 892

Publication 3498

Form 886A	Department of the Treasury – Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended 20XX

Date of Notice: August 8, 20XX

Issues:

Whether continues to qualify for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Facts:

Organization applied with Form 1023EZ *Streamlined Application for recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code* on August 27, 20XX. Organization attested to the organizational structure and states they are incorporated in the State of is President, Director and Registered Agent of

Organization received Determination Letter 5436 giving them public charity status. Letter 5436 was dated September 17, 20XX.

Organization was selected for audit to ensure the examined organization's activities and operations align with its approved exempt status.

State of Articles of Incorporation were reviewed from the state website and found to have the correct organizing documents. The state of did identify organization was delinquent in filing annual state return.

Organization filed with the States of and to transact business in their states.

Letter 3606 with IDR *Information Document Request* was sent to address on record in and came back as undeliverable.

Form 1023EZ had a phone number for the organizations CPA Called and talked with secretary requesting a current address and/or phone number. Secretary had the same address as Form 1023EZ. Secretary did have a phone number for . Many attempts were made to reach per phone calls. Numerous voicemails were left asking for to call me back.

Follow-up Letter 3844 with copy of original letter and IDR was sent certified to address. Letter 3844 was sent with Letter 3606 and IDR certified to the address the State of had and the same address which was on the Form 1023EZ. Both letters came back undeliverable. New address was located in . Letter 3844 with 3606 and IDR was sent certified. Letters came back undeliverable.

Researched phone numbers for all officers and no contact was made.

In researching for addresses and phone numbers I came across a news article and news story regarding and . Article was regarding questionable practices by a Charity that claims to help veterans through cash donations solicited from customers outside of grocery stores and where is that money really going?

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Article goes on about reporter talking to _____ about _____. Reporter asked about oversight of the charity. Per reporter _____ seems to contradict himself when responding to questions regarding the charity. _____ admitted the men who collect donations have been allowed to reach into the donation box at the end of the day to keep the cash without his personal oversight. "They've been actually keeping most of the money themselves," _____ said. "They've been collecting and opening up. They've had access to the [donation box] keys. And they've been reporting what they've brought in."

Additional research identifies _____ as deceased as of July 11, 20XX. Internal Revenue records were updated with his death on March of 20XX.

Numerous attempts have been made trying to contact someone from this organization. No responses have been received. The organization has failed to respond to the Internal Revenue Service attempts to obtain information to perform an examination of the December 31, 20XX tax year.

Exhibit A (below) provides a list of the Internal Revenue Service correspondence or phone calls made to organization requesting the organization provide information pertaining to audit for the December 31, 20XX tax year.

Summary of Exhibit A

Contact type	Correspondence sent/ Phone contact	Date sent Or Date called	Certified Mail Sent	Receipt signed date or Phone response
Letter 3606 IDR Publication 1		Sent 12-28-20XX Info Due By 01-29-20XX	No	
Phone call CPA who completed the 1023 EZ	Called who is identified on 1023EZ as contact. Does not have POA. Secretary gave me phone number. Called and left VM for to call me regarding exam and correct address.	Called 1-11-20XX		
Phone call President		Called 1-11-20XX		No reply
Phone call	Left VM	1-17-20XX		No Reply
Sent Letter 3844 with copy of		1-28-20XX	Sent certified	2-6-20XX Received

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Letter 3606/IDR Publication 1 To addresses in and			Sent certified	Undeliverable 2-14-20XX Undeliverable
Phone call President	Left VM	2-10-20XX		No Reply
Phone call Secretary	phone gives busy sound	2-15-20XX		
Phone call Treasurer	Called left VM Called again talked with woman who answered phone. She said I have the wrong number.	2-23-20XX		
Letter 3844-A with copy of Letter 3606 IDR Publication 1	%	2-24-20XX	Sent Certified	Letter came back "Refused Undeliverable"
Form 4759 Sent to Post Office for Forwarding address.		03-28-20XX		04-17-20XX No new address identified by Post Office

Law:

501(c)(3)

§501(c)(3) Requires tax exempt entities be organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes and to foster national and amateur sports competition.

§Reg 1.501(c)(3)-1(a) In order to be exempt under §501(c)(3) the organization must be both organized and operated exclusively for one or more of the purposes specified in the section. (religious, charitable, scientific, testing for public safety, literary or educational).

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Name of Taxpayer		

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.

Treas. Reg. § 1.6001-1(a) in conjunction with Treas. Reg. § 1.6001-1(c) provides that every organization exempt from tax under IRC § 501(a) and subject to the tax imposed by IRC § 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 IRC § 6033.

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

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 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.

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.

Government's Position:

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 return (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 is granted tax-exempt status and to determine its liability for any unrelated business income tax.

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Several attempts have been made to contact the organization by phone calls and certified letters. Letters have been sent to address on record and addresses located by research of . Letters have come back as undeliverable.

Postal Tracer was sent to the United States Post Office for help in contacting organization. Reply was received from Post Office as "Not Known".

Using the rationale that was developed in Revenue Ruling 59-95, the organization's failure to provide requested information should result in the termination of exempt status.

Further research identified _____ Registered Agent in _____ and President of _____ is deceased as of July 11, 20XX.

Organization's Position:

Not known at this time.

Conclusion:

It is the IRS's position that the organization failed to meet the reporting requirements under IRC §§6001 and 6033 to be recognized as exempt from federal income tax under IRC § 501(c)(3). Furthermore, the organization has failed to establish that it continues to qualify for tax exempt status. Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

Form(s) 1120, U.S. Corporation Income Tax Return should be filed for the tax periods ending on or after December 31, 20XX.