



DEPARTMENT OF THE TREASURY

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

**TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION**

Number: 200851025
Release Date: 12/19/2008

EO

Date: September 17, 2008

UIL: 501.03-01

LEGEND

ORG = Organization name XX = Date Address

ORG
ADDRESS

**Employer Identification Number:
Person to Contact/ID Number:
Contact Numbers:**

Voice:
Fax:

LAST DATE FOR FILING A PETITION
WITH THE TAX COURT: December 16, 20XX

CERTIFIED MAIL-RETURN RECEIPT

Dear :

This is a final revocation letter as to your exempt status under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service's recognition of your organization as an organization described in section 501(c)(3) is hereby revoked effective January 1, 20XX.

We have made this determination for the following reasons:

You have not demonstrated that you are operated exclusively for charitable, educational, or other exempt purposes within the meaning of I.R.C. section 501(c)(3). You failed to comply with the conditions of your exemption in that you did not fully respond to repeated reasonable requests to fully provide information regarding certain and expenditures. You did not attempt to recover the distributed assets properly.

As such, you failed to meet the requirements of I.R.C. section 501(c)(3) and Treas. Reg. section 1.501(c)(3)-1(d) in that you failed to establish that you were operated exclusively for an exempt purpose.

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. These returns should be filed with the appropriate Service Center for the year ending December 31, 20XX, and for all years thereafter.

Processing of income tax returns and assessment 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 in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. You may write to the Tax Court at the following address:

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above, since this person can access your tax information and can help you get answers. You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate office located nearest you by calling (716) 686-4850, or by writing:

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax 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.

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

Sincerely,

Vicki L. Hansen
Acting Director, EO Examinations



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY

Internal Revenue Service
130 S Elmwood Ave Ste 100
Buffalo, NY 14202-2464

May 21, 2008

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, take no further action. 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 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.

Letter 3618 (04-2002)
Catalog Number 34809F

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. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

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,

Marsha Ramirez
Director EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX/12

LEGEND

ORG = Organization name XX = Date City = city XYZ = State Bank
= bank DIR-1 & DIR-2 = 1st & 2nd Directors

ISSUE

Should the tax exempt status of ORG be revoked as of January 1, 20XX for failing to maintain records and failing to file the annual Form 990?

FACTS

Internal Revenue Service records indicate that ORG received its tax exempt status during June 19XX as an organization described under IRC §501(c)(3) and classified as a public charity under Section 509(a)(1) and 170(b)(1)(A)(vi). The purpose of the organization is to provide opportunities for artists in the City area and to make arts and cultural opportunities available to those with disabilities, to disadvantaged youth, and to senior citizens.

In the fall of 20XX, the only two remaining directors were the Executive Director, DIR-1 who handled the operating account, and DIR-2, who handled the gaming accounts. Organization has ceased operation as of January 1, 20XX. DIR-1 has not provided the operating account books and records and has not made any effort to obtain them. Transfers from gaming accounts to operating account equal \$. DIR-2 has cooperated fully with this audit and has provided the books and records of the gaming accounts. The gaming accounts show proper disposition of assets upon termination. DIR-2 enlisted a pro bono attorney to file the Certificate of Dissolution with the State of XYZ. A letter from the attorney, dated March 19, 20XX, confirms that ORG is still in the process of dissolving in cooperation with the XYZ State Attorney General's office. Due to several mergers, the operating account bank records cannot be found per letter from Bank dated March 17, 20XX. ORG has not filed a final return for year ended December 31, 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.

Treasury Regulation 1.501(c)93-1(a)(1) states that in order to be exempt as an organization described in §501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Internal Revenue Code Section 6001 states that every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG		Year/Period Ended 20XX/12

Treasury Regulation 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.

Revenue Ruling 59-95, 1959-01 CB 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 section 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.

TAXPAYERS POSTION

DIR-2 has agreed to the revocation.

GOVERNMENTS POSITION

In order to claim tax exempt status an organization must keep records sufficient to show specifically items of gross income, receipts and disbursements and show that it is entitled to the exemption, as stated under IRC Section 6001.

ORG failed to keep and provide records adequate to determine the full nature of its operations. The organization was not able to provide any operating account financial documents to substantiate the activities conducted during the 20XX tax year. If the organization did terminate at the end of 20XX, they were unable to substantiate the proper disposal of the operating account assets.

In addition, although ORG indicated that the organization ceased its operations on December 31, 20XX, the organization failed to file a final Form 990 or notify the Internal Revenue Service of its termination.

CONCLUSION

The tax exempt status of ORG under Section 501(c)(3) of the Internal Revenue Code should be revoked because the organization has not established that it is observing conditions required for the continuation of exempt status such as filing annual Forms 990 information returns and failing to maintain or provide information that was requested from them by the Internal Revenue Service.

The effective date of revocation is January 1, 20XX the first day of the tax year under examination.