



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

Date: April 14, 2010

Release Number: **201029033**

Release Date: 7/23/10

LEGEND

ORG = Organization name

XX = Date Address = address

ORG

ADDRESS

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

LAST DATE TO FILE A PETITION
IN TAX COURT: July 13, 20XX

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 February 2005 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 allow the Internal Revenue Service 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.

You failed to operate as an organization described under section 501(c)(3) of the Code. You did provide information stating that the activities of your organization are over. As such, you fail to meet the operational requirements for continued exemption under section 501(c)(3).

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, 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
Acting Director, EO Examinations

Enclosures:
Publication 892



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
Internal Revenue Service

January 11, 2010

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.

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,

Renee B. Wells
Acting Director, EO Examinations

Enclosures:
Publication 892/3498
Form 886-A Explanation
Form 6018 Consent

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer ORG also known as ORG		Year/Period Ended 12-31-20XX

LEGEND

ORG = Organization name Xx = Date Address = address City = city
 State = state County = county website = website number = number
 CO-1 & Co-2 = 1st & 2nd COMPANIES DIR-1 & DIR-2 = 1st & 2nd DIRECTORS
 RA-1 = 1st RA

Issue:

Whether the ORG, also known as ORG qualifies for exemption under Section 501(c)(3) of the Internal Revenue Code.

Facts:

The ORG (the EO) is an organization recognized under IRC 501(c)(3) and 170(b)(1)(A)(vi). The ruling date is February of 20XX. The filing requirements are the forms 990 and 941.

The agent secured a copy of the Form 1023 Application for Recognition of Exemption from the IRS Determination Unit. The detailed description of the activities and purpose reads:
 ORG is involved in the following activities of educating business people with sound Christian Principles.
 (by) 1. Assisting in the publication and distribution of Christian literature....
 2. Teaching ---conduct conferences & seminars to more effectively teach biblical business principles.....

On the Form 1023, the EO stated that sources of financial support would be contributions, and charging fees for seminars. The form also states that the organization is not a private foundation, because it will receive a substantial part of its' support in the form of contributions from publicly supported organizations, from governmental units, or from the general public.

The exempt purpose as stated on the form 990 for the period ending December 31, 20XX, is to establish a website to educate people in the area of business ethics, management, marketing, and financial principles. The 20XX form 990 is the first form 990 the EO filed.

The EO filed the form 990 for the period ending December 31, 20XX. The exempt organization requested an extension to file for the period ending December 31, 20XX. The extended date to file is November 15, 20XX, but the EO did not file the return. The form 990 for the period ending December 31, 20XX is not filed.

The form 990 for 20XX is assigned to the filed for audit. The agent subsequently requested controls for the form 990 for the period ending December 31, 20XX, and prepared a substitute for return for the period ending December 31, 20XX.

There is no phone listing for the exempt organization at the address in City, State.

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On October 16, 20XX, the agent opened the audit for the form 990 by sending the letter 3611, Information Document #1, and publication 1 to the last known physical address and post office box located in City, State. The Post Office returned both letters as undeliverable.

On November 5, 20XX, the agent drove to the physical address on the return. The address is for an abandoned factory. There is a sign on the property that advertises a web site at ORG.com.

City County, State court records show the property in City is titled to ORG, a State Corporation.

The State of State corporate web site indicates ORG filed an amendment to the Articles of Incorporation with the Secretary of the State of State, to change the corporate name to ORG.

The ORG web site promotes itself as a corporation described under IRC 501(C)(#), and encourages viewers to donate their commercial real estate to ORG. The web site goes on to explain the financial benefits of donating certain commercial properties to ORG. The web site provides examples of how successful prior “561” donations have been for specific corporations, using ORG’s “RIM Exchange Program”.

From the web site ORG.com:

“In order for the 561 Exchange to work, three criteria must be met – *the right buyer, the right seller and the right property*. The program then uses the combination of the three appraisal methods as outlined by the IRS in Publication 561 of the tax code to determine the Fair Market Value of the property – the replacement cost approach, the income approach and the market approach. Once the value is established, the seller conveys the title to ORG and receives the cash from the tax benefit, usually exceeding the cash benefit of selling it at list price.”

“The catch is that the 561 Exchange only carries a tax benefit to the owner of the property if the company is profitable or expects to be profitable within the next 5 years. If the owner of the property is an individual investor, the owner must pay a certain amount of income taxes in order to exceed the cash benefit of selling it at list price.”

“The second criteria is that it has to be the right property. The 561 Exchange typically only works on industrial properties of a certain size. It does not apply to homes, apartments, condos, etc. If the property is downtown a thriving metro area like City, State—it probably will not apply. However, if the property is 50,000 sq. ft. or higher in a small rural area or economically sluggish city, then it will probably work.”

“The third criteria is that it has to be the right buyer or recipient. Typically, a national 501(c)3 organization that focuses on 561 Exchange properties. The leading organization that understands the program and can give the most value to the property owner’s is ORG. This was the same organization that worked with Co-1 on the State property.”

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“It’s a win-win solution. The property owners win by disposing the property and getting a significant cash benefit without the huge carrying costs incurred while it sits empty on the market. The local community wins by helping entrepreneurs create more small business and jobs. The government wins by the creation of more profitable tax paying businesses that use what could easily have been an empty building.”

The site also includes tabs to take the viewer to twelve different pages relating to ORG. Under the Company Profile tab, there is the following statement:

“We continue to build our endowment for our future school of business and current business education programs. In addition, our endowment funds other business educational organizations, as well as partners with other organizations that help create jobs and start new businesses.”

The agent did not see any other reference to an educational exempt activity as outlined on the form 1023 or the exempt activity described on the form 990 for the period ending December 31, 20XX. There is also no indication of any ongoing educational program.

The corporate address on the ORG web site is Address, City, State.

On November 6, 20XX, the agent sent a generic email to website, asking for one of the officers of the corporation to contact the agent. website is a link off of www.ORG.com.

On November 7, the agent received an e-mailed reply from Website. The reply simply stated:

“Yes, my name is DIR-1 and I am an officer of ORG. How can I help you?”

The agent sent a second email to the above address, asking for the corporate address and phone number. Agent sent letter 3611, Information Document Request #1, and Publication 1 to the City, State address setting up an audit appointment for December 8, 20XX in City, State.

On November 11, 20XX the agent received an email reply from Website.

DIR-1 advised the agent he could send mail to:

Address, City, State

DIR-1 gave a contact number :number. The agent called the number and left a message to call back. The call was answered by a voice mail, identifying DIR-1. The agent left a voice message requesting contact.

On November 12, 20XX the agent sent the letter 3611, Information Document Request #1 and Publication 1 to the City, State address. In addition, the agent sent a certified letter to City, State address. The letter requested contact and advised the exempt organization of Treasury Regulation § 1.6033-1(h)(2) regarding revocation. A receipt of delivery was received on December 8, 20XX for the City, State mailing. The signature on the receipt is illegible.

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On November 19, 20XX, the agent received a phone message that DIR-1 returned the agent's phone inquiry. No other information was left for the agent.

On November 24, 20XX the agent received a postal tracer indicating the City address mail was being forwarded to: Address, City, State

The agent tried to call DIR-1 again. The message went to voice mail again, and the agent left a message stating if DIR-1 called back and did not get agent, to leave a time when he will answer the phone, or give the agent a name and phone number of another officer.

On November 25th, 20XX, after no response from officer DIR-1, the agent sent a letter to the City, State address requesting contact and advised the exempt organization of Treasury Regulation § 1.6033-1(h)(2) regarding revocation.

On December 1, 20XX, the agent sent IDR#3 to the City, State and the City, State addresses. IDR#3 explained the agent's efforts to date, the reason for the location of the audit, and revocation information in Revenue Ruling 59-95.

No one from the exempt organization appeared or called at the audit appointment scheduled for December 8th, 20XX,

The exempt organization lists multiple properties on its' web site as having been successful "561 Transfers". The properties are located in various states, mostly east of the River. Two properties are located relatively near the agent's post of duty: one in City, State, and one in City, State. The agent contacted the auditor's office in City, State, and verified that the property was originally transferred to ORG f/k/a/ The ORG in September of 20XX. On November 9, 20XX, that property was then transferred to a non-exempt entity, ORG whose address is Address, City, State. Zip. The deed was signed by the CEO/President of the ORG f/k/a ORG, DIR-1. The Certificate of Formation for ORG name DIR-1 and DIR-2 as managers of the LLC.

The agent called the County Recorder's Office in City, State. The property was donated to the EO by . The clerk pulled up the deed in book 57, page 2945 and read it the agent. This property was transferred from ORG aka ORG, to ORG, not an exempt organization.

On December 10, the agent sent Information Document Request #4 to the City State and City, State addresses. IDR#4 demanded an explanation as to why exempt property was transferred to Limited Liability Companies.

A record search at the State of State's corporate records webpage showed one non-profit corporation named ORG. In addition, there are 16 with the name ORG Holding Company or ORG Property.

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On January 6, 20XX, the agent summoned the State of State to provide copies of ten different Certificates of Formation in regards to the ORG Properties Limited Liability Companies.

A review of the Certificates of Formation showed that none of the Limited Liability Companies qualified as an entity described under IRC 501(c)(2). All the Certificates of Formation name DIR-1 and DIR-2 as managers of the LLC.

On February 2, 20XX the agent spoke to former corporate office DIR-2. DIR-2 is no longer a corporate officer or employee. He indicated the DIR-1 would contact the agent.

The agent completed a form 886-A to propose the IRC 4945 penalty on DIR-1. The form 886-A was mailed February 4, 20XX with a letter demanding correction under IRC 4958(f)(6).

On February 5, 20XX the agent received a voice mail message that DIR-1 called.

DIR-1 stated that he wanted to set up a phone conference with the agent, himself, and his legal counsel. The agent then tried to contact the taxpayer several times without success. The agent prepared the form 872 and letter 3600. The group manager authorized the letter and it was mailed February 6, 20XX.

On February 12, 20XX DIR-1 called and left message, requesting a phone conference with agent. DIR-1 left a new phone number to contact him.

Agent was back in office 03-03-20XX. DIR-1 had left two new messages. He advised the agent that he would sign the form 872, extending the assessment statute for the year ending December 31, 20XX. He also expressed his confidence that everything will be fine after the agent looks at the books and records. Agent called DIR-1 back, and left his pager number in order to facilitate contact .

On 03-05-XX the agent spoke to DIR-1. DIR-1 advised the agent that the City, State address is an UPS office, and the suite number is the mail box number at the UPS office. There is no physical location for the corporation. DIR-1 stated that he was currently the only employee of the corporation. All of the other employees are laid off. He is working out of his house and looking for a new job.

The records for the year ending December 31, 20XX are in storage. He stated that he was not aware that the transfers of the charitable assets over to the Limited Liability Companies would create a problem. He relied on the advice of an in-house attorney. DIR-1 stated that he received no personal benefit related to the transfer. He made the transfers to protect the individual assets. In addition, there is a potential environmental issues on some of the properties, and he wanted limit any potential legal issues by placing the properties in the Limited Liability Companies. The agent demanded correction. DIR-1 stated that he would immediately correct the problem. The agent requested a copy of the form 990 for the period ending December 31, 20XX. DIR-1 stated that remembered signing that return. He has a copy and he would mail the copy to the agent.

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The agent issued Information Document Request #6 demanding records of disbursements, loan agreements, appraisals for property on the return for the period ending December 31, 20XX, and proof of correction.

In response to Information Document Request #6, DIR-1 sent a CD that contained part of the records demanded on the Information Document Requests. On 04-17-XX the agent sent Information Document Request #7, itemizing what was on the CD, and asking questions concerning the exempt organization's current activity.

On 04-20-20XX, DIR-1 called to update agent. DIR-1 stated that the agent did not understand the situation at the exempt organization. There are no companies waiting to donate any more properties. The activities of ORG are over. Due to the tightening loan market, he cannot borrow any more money to use as operating capital. The lenders are foreclosing on some of the properties. When and if the foreclosed properties go to sale, he does not expect the sale amounts to pay the loans in full. He is working with a 501(c)(3) organization, RA-1 at Co-2, which will take over the unencumbered properties.

On 04-24-20XX, the agent called and received DIR-1's voice mail. The agent left a message asking if DIR-1 could get all of the corporate records in one spot, so the agent could look at them.

On 05-08-20XX, DIR-1 called back and advised the agent that all the paper records of corporation have either been tossed or lost. He stated that he had the records on a hard drive. The agent requested the hard drive.

The transfer of the commercial property to the other 501(c)(c) organization has not gone through, but is expected to be finalized on 06-02-20XX. DIR-1 stated that he wants to terminate the exempt organization.

The agent prepared and mailed IDR #8, notifying the organization that the years ending December 31, 20XX and December 31, 20XX are open for audit. The agent included three issue-focused items on the Information Document Request for 20XX and 20XX, and again requested the disbursement journal for the year ending December 31, 20XX.

The exempt organization has not supplied any additional information. The agent received one last voice mail asking for information in regards to the agent closing the exempt organization through revocation.

The reported donation value and number of properties donated to the exempt organization are:

Year	Amount	Number of Properties
20XX	\$\$	
20XX	\$	
20XX	\$	
20XX	\$	
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Total	\$\$	22
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The EO reflected property donations as Contributions on the form 990 for 20XX, and as Direct Public Support on the forms 990 for 20XX and 20XX. The returns do not reflect any cash contributions or cash from public support.

Results of the rental activity are as follows:

Year	Amount of Donated Real Property	Amount of Rental Income	Rental Expenses	Net Rental Income
20XX	\$			
20XX	\$			
20XX	\$			

Commercial Property Maintenance Expense and Program Services Expenditure, as a Percentage of Total Revenue:

Year	Amount Recorded as of Donated Property	Total Net Revenue	Cost of Maintenance	Maintenance as a percentage of Net Revenue	Amount Spent on Program Services	Program Service as a Percentage of Total Revenue
20XX	\$			2.27%		0.00%
20XX	\$			5.18%		0.62%
20XX	\$			12.92%		0.55%

Law:

Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279 (1945)

An organization to fall within exemption from taxation under the Social Security Act in favor of educational institutions, must be devoted to educational purposes, exclusively and the presence of a single noneducational purpose, if substantial in nature, will destroy the exemption regardless of number or importance of truly educational purposes. 26 U.S.C.A. § 3121(b); Social Security Act, § 811(b) (8), 42 U.S.C.A. § 1011(b) (8).

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Treas. Reg. section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of the exempt purposes specified in IRC section 501(c)(3).

If an organization fails to comply with any of these requirements, it will fail the operational test and lose its IRC section 501(c)(3) exemption. (*Harding Hospital, Inc. v. U.S.*, 505 F. 2d 1068, 1072 (6th Cir. 1974))

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 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. § 1.6001-1(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.

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

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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 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.

Government’s Position:

The ORG a/k/a ORG does not qualify for exemption under IRC 501(c)(3) because the activities are not exclusively educational. The primary activity of the organization from its inception in the year 20XX, was the promotion of, acquisition of, and management of donated commercial property. Currently, the mortgaged properties are in foreclosure. There is no other source of donations to the exempt organization.

The two streams of cash coming into the organization were from loan proceeds and rental income. Rental expenses exceeded rental income on all three returns presented by the organization. Loan proceeds were used to pay current operating expenses and rental expenses in excess of rental income. The EO spent less than one percent of the net revenue for Program Services. The future financial existence of the organization depended on new loan proceeds to cover past loan obligations.

When requesting exemption, ORG advised the Internal Revenue Service that its’ exempt function was educational, and the sources of financial support would come from contributions and fees for seminars. Soliciting contributions of abandon commercial real estate, and raising operating capital through renting the abandon commercial real estate is not an activity described under Internal Revenue Code Section 501(c)(3).

The promotion of the “561 Program”, accepting the donated property, then managing the donated properties became the exclusive activity of the exempt organization.

The organization financed this activity by mortgaging the donated properties and using the loan proceeds as operating capital. No other sources of donations were developed. The exempt organization could no longer meet past loan obligations or current operating expenses when it could no longer borrow funds. The secured lenders seized control of the mortgaged properties. The exempt organization can no longer maintain the abandoned commercial nor pursue its’

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exempt purpose. The last officer of the exempt corporation, DIR-1, does not have the wherewithal to properly terminate the organization. ORG should file the form 1120, U.S. Corporation Income Tax Return for the years ending December 31, 20XX and forward.

Taxpayer's Position:

DIR-1 expressed his desire to properly terminate the organization. To date, he has not been able to successfully accomplish this. He has also expressed interest in having the government revoke the organization.

Conclusion

a/k/a/ ORG has failed to operate as organization described under Internal Revenue Code 501(c)(3).

a/k/a ORG has 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). Accordingly, the organization's exempt status is revoked effective January 1, 20XX.

Form 1120 returns are required to be filed for the tax periods beginning January 1, 20XX and thereafter.