



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Release Number: 201039046
Release Date: 10/1/10
Date: May 14, 2007

UIL Index:
501.03-08
501.33-01
501.36-01

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

Since you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, you should follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

In accordance with Code section 6104(c), we will notify the appropriate State officials of our determination by sending them a copy of this final letter and the proposed adverse letter. You should contact your State officials if you have any questions about how this determination may affect your State responsibilities and requirements.

Letter 4038 (CG) (11-2005)
Catalog Number 47632S

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at 1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Robert S. Choi
Director, Exempt Organizations
Rulings & Agreements

Enclosure
Notice 437
Redacted Proposed Adverse Determination Letter
Redacted Final Adverse Determination Letter



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: May 14, 2007

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

Legend:

M = Name of Applicant
N = Date
O = State
P = Name of Realty Company
Q = Name of Insurance company
R = Name of Bank
A = Name of Individual
B = Name of Individual
C = Name of Individual
D = Name of Individual
E = Name of Individual

UIL Index:
501.03-08
501.33-01
501.36-01

Dear

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(3). The basis for our conclusion is set forth below.

Issue:

Does your organization qualify for tax exemption under section 501(c)(3) of the Code?

Facts:

You are an unincorporated association formed on N, in the state of O. Your organizing documents consist of two distinct documents:

1. Certificate of Partners Doing Business Under Assumed Name;
2. Agreement

Your "Certificate of Partners Doing Business Under Assumed Name" document states that you are conducting business under the name of M. The names of the partners listed on this document are: A, B, C and D. The certificate document was signed by A, B, C, and D and was notarized by E. The "Agreement" document lists A, B, C, and D as the initial members of the unincorporated association and it was also signed by A, B, C, and D.

In the organizing document titled "AGREEMENT", you state that you are organized exclusively for educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

However, you state in your "Mission Statement" that you are a net work business comprised of dedicated professionals. You also state in your description of activities that you are a team comprised of two realtors, a mortgage banker, an insurance agent, and an attorney. This team has been conducting home buyers' workshops since 1998. The team members provide primarily first-time home buyers with background information which will help them achieve home ownership in an educated and informed manner. No fee is charged for the workshops. All expenses such as advertising, supplies, and materials are contributed equally by the team members.

Your blue brochure is used to inform the public of your free workshops. **You indicate on the brochure that you will bring together all the professionals a home buyer would need to realize their dream of home ownership.** In addition, the brochure provides a list of the services that A, B, C, D, and E offer in their respective private businesses. On the brochure, you promoted the brokerage services provided by A and B as realtors. You advertised the insurance services provided by C as an insurance agent. You promoted the financing services provided by D as a banker, and you also advertised the legal services of E as an attorney. In the July 6, 2000 letter, you stated that the blue brochure has been exhausted and has not been used for some time. You also stated that when it is used again, it will be revised to comply with the Service's requirements.

Your website previously stated **"the goal is to earn the right to your referrals and future business by offering and giving the best possible service to all of our clients."** The website provided the names of realtors A and B, and stated that other services they provide are assistance in qualifying for grants and closing costs as well as resolving credit issues that may keep potential clients from buying a home. C advertised his "wide array of personal lines of insurance and financial services." D was promoted on the website for selling mortgage products through R Mortgage. E advertised his services in helping buyers to review purchase offers and various legal documents that will be required to be signed. The website also contained links to companies with which A, B, C and D are associated with including P, Q and R. Due to the Service's questions over your apparent purpose of serving the private benefit of your members through referral of clients to your member's private businesses, you have since modified your website to remove links to affiliated entities including P, Q and R. You have also removed the above statement about your goal of earning the right to client referrals and businesses as well as statements encouraging home buyers to contact the personal businesses of your members.

However, your website still contains separate tabs for each of your members highlighting their experience and services they provide in their individual businesses. A and B are featured as realtors with experience serving as buyer representatives; C is promoted as an insurance expert owning his own insurance agency; D is featured as a banker/mortgage officer; and E is promoted as a real estate attorney.

The April 1, 2011 letter stated that B is considered the sole officer, while A, B, C, D, and E are all "team members." **You also indicated in the same letter that these individuals fit the definition of insiders, but there is no intent that they will ever receive any inurement.**

In your letter dated July 6, 2011 you stated that you do not have any type of formal budget. You have no income and as expenses arise, A, B, C, D, and E pay for expenses (printing, postage, advertising, etc.) proportionately. You also stated in this letter that you are an unincorporated association under the laws of O, an arrangement of A, B, C, D, and E operating under the name of M. **You stated that all decisions are made by A, B, C, D, and E and that B serves as the informal spokesperson for A, B, C, D, and E.**

Also in the July 6, 2011 correspondence, you provided the following statistics in regard to your organization:

Time period - **Years 19 to 20**

Total number of workshops you have conducted -

Total number of people registered to attend the 30 workshops -

Total number of people who completed the workshops -

Total number of participants who utilized the services offered by your members' businesses -

Law:

Section 501(c)(3) of the Code provides for the exemption from federal income tax of corporations organized and operated exclusively for charitable or educational purposes, provided no part of the net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Regulations states that in order to qualify under section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that an organization operates exclusively for exempt purposes if it engages primarily in activities that accomplish exempt purposes specified in section 501(c)(3) of the Code. An organization must not engage in substantial activities that fail to further an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized and operated exclusively for exempt purposes unless it serves a public rather than a private interest. To meet this requirement it is necessary for an organization to establish that it is not organized and operated for the benefit of private interests.

Section 1.501(c)(3)-1(d)(2) of the regulations defines the term "charitable" as used in section 501(c)(3) of the Code as including the relief of the poor and distressed or of the underprivileged. The term "charitable" also includes the advancement of education.

Section 1.501(c)(3)-1(d)(3)(i) of the regulations provides, in part, that the term "educational" as used in section 501(c)(3) of the Code relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

Inurement results when the private benefit results to an insider, and it is prohibited. The prohibition is absolute. According to American Campaign Academy v. Commissioner, 92 T.C. 1053, "[W]hen an organization permits its net earnings to inure to the benefit of a private shareholder or individual, it transgresses the private inurement prohibition and operates for a nonexempt purpose." Since no part of the net earnings of an organization may inure to the benefit of a private shareholder or individual, the amount or extent of such inurement or benefit is not determinative. Any level of inurement found regardless of how small, will cause an organization to fail the requirements of section 501(c)(3) of the Code according to Church of the Transfiguring Spirit v. Commissioner, 76 T.C. 1 (1981) and Basic Bible Church v. Commissioner, 74 T.C. 846 (1980).

In Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from that carried out by a university.

In International Postgraduate Medical Foundation v. Commissioner, TCM 1989-36, the Tax Court concluded that when a for-profit organization benefits substantially from the manner in which the activities of a related nonprofit organization were carried on, the latter organization was not operated exclusively for exempt purposes within the meaning of section 501(c)(3), even if it furthers other exempt purposes.

The court in est of Hawaii v. Commissioner, 71 T.C. 1067(1979) found that an organization formed to educate people in Hawaii in the theory and practice of "est" was a part of a "franchise system which is operated for private benefit," and therefore may not be recognized as exempt under section 501(c)(3) of the Code. The applicant seeking exempt status was not formally controlled by the same individuals controlling the for-profit organization owning the license to the est body of knowledge, publications, methods, etc. However, the for-profit exerted "considerable control" over the applicant's activities by setting the number and frequency of different kinds of seminars and training, and providing the trainers and management personnel

who are responsible to it, in addition to setting the price for the training. The court found that the fact that the applicant's rights were dependent upon its tax-exempt status showed the likelihood that the for-profit corporations were trading on that status. The question for the court was not whether the payments made to the for-profit were excessive, but whether it benefited substantially from the operation of the applicant. The court determined that there was a substantial private benefit because the applicant "was simply the instrument to subsidize the for-profit corporations and not *vice versa* and had no life independent of those corporations."

In Church by Mail, Inc. v. Commissioner, 765 F. 2d 1387 (1985), the Court affirmed a Tax Court decision. Church by Mail sent out sermons in numerous mailings. This required a great deal of printing services. Twentieth Century Advertising Agency provided the printing and the mailing. Twentieth Century was controlled by the same ministers. It also employed family members. The services were provided under two contracts. The contracts were signed by the two ministers for both Church by Mail and Twentieth Century. Church by Mail business comprised two-thirds of the business of Twentieth Century. In deciding for the government, the Court made the following statement.

There is ample evidence in the record to support the Tax Court's finding that the Church was operated for the substantial non-exempt purpose of providing a market for Twentieth's services. The employees of Twentieth spend two-thirds of their time working on the services provided to the church. The majority of the Church's income is paid to Twentieth to cover repayments on loan principal, interest, and commissions. Finally, the potential for abuse created by the ministers' control of the Church requires open and candid disclosure of facts bearing upon the exemption application. Moreover, the ministers' dual control of both the Church and Twentieth enables them to profit from the affiliation of the two entities through increased compensation.

In KJ's Fund Raisers, Inc. v. Commissioner, 98-2 U.S. Tax Cas. (CCH) P50,869, the court determined that an organization formed to provide a substantial private benefit to a related for-profit entity was disqualified for exemption under section 501(c)(3).

The applicant organization was formed to raise funds for distribution to charitable causes primarily through the sale of lottery tickets. The founders of the organization are also the owners of a for-profit lounge. The lottery tickets are sold by the employees and owners of the lounge at its location.

The court determined that the activities of the applicant organization served to induce customers with a proclivity for this type of gambling not to desert the lounge in favor of other similar establishments. In addition, the lounge benefited from the publicity surrounding the exempt function of the applicant. This showed that the applicant organization, in addition to its exempt purpose of raising money for charitable purposes, was also operated for the substantial private benefit of the lounge and its owners.

In P.L.L. Scholarship Fund v. Commissioner, 82 T.C. 196 (1984), an organization operated

bingo at a bar (a for-profit enterprise) for purposes of raising money for scholarships. The board of directors included the bar's owners and accountant, and two other persons. The court reasoned that, because the bar owners controlled the organization and appointed its directors, the organization's fundraising activities could be used to the advantage of the bar owners, and thus, provide them with a maximum private benefit.

The organization claimed that it was independent because there was a separate accounting and that no payments were going to the bar. The court maintained that the organization's and the bar's activities were so interrelated as to be "functionally inseparable." A separate accounting did not change that fact. Thus, the organization did not operate exclusively for exempt purposes, but rather benefited private interests – the bar owners. Exemption was properly denied.

In Sonora Community Hospital v. Commissioner, 46 T.C. 519 (1966), aff'd, 397 F.2d 814 (9th Cir. 1968), the court considered whether more than incidental private benefit accrued to physicians from the activities of a hospital. Two doctors who previously had owned and founded the hospital facilities in question shared in the fees from the privately-operated laboratory and x-ray departments within the hospital, even though they performed no associated services. The Tax Court ruled this demonstrated that the hospital was operated to a considerable extent for the private benefit of the two founding doctors, rather than exclusively as a charitable organization. The court found it unnecessary to decide whether the arrangement constituted **inurement** of hospital net earnings to the doctors because it was satisfied the resulting **private benefit** was enough to prevent exemption.

In Salvation Navy v. Commissioner, T.C. Memo 2002-275, the tax court decided in favor with the Commissioner who determined that the taxpayer was not operated exclusively for charitable purposes. The tax court agreed that the taxpayer failed to meet the operational test because the taxpayer had not shown that it was not operated for the benefit of a private individual. As the affairs of the taxpayer and the individual in question were irretrievably intertwined, the benefits the individual sought to obtain via a tax exempt letter would have inured to the individual himself. Additionally, the organization had no fund-raising program in place, had no revenue or expenses, and had not kept any financial books and records.

Revenue Ruling 55-231, 1955-1 C.B. 72 described an organization incorporated for the purpose of making known to the world the contents and meaning of certain books written by a designated author who was also one of the incorporators of the organization. This ruling held that an organization whose primary purpose is to promote the circulation of books of one of its incorporators is not organized and operated exclusively for educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1954 or for any of the other purposes provided therein.

Revenue Ruling 76-206, 1976-1 C.B. 154 held that a nonprofit organization formed to generate community interest in the retention of classical music programs by a local for-profit radio station by seeking program sponsors, urging the public to patronize the sponsors, soliciting

subscriptions to the station's program guide, and distributing materials promoting the classical music programs was held not to qualify for exemption under section 501(c)(3). The ruling held that such activities tend to increase the station's revenues and thus benefit the for-profit radio station in more than an incidental way.

In Revenue Ruling 80-287, 1980-2 C.B. 185, a lawyer referral service that aids persons who do not have an attorney by helping them to select one was not entitled to exemption under section 501(c)(3) of the Code. Although the service provides some public benefit, its principal purpose is to introduce individuals to the use of the legal profession in the hope that they will enter into lawyer-client relationships on a paying basis as a result of their experience.

Application of Law:

Based on the information you provided in the administrative file, we conclude that you are not operated for exempt purposes under section 501(c)(3) of the Code. A fundamental requirement for an organization that seeks exemption from federal income taxes is that it benefits the public rather than its creator, shareholders, or persons having a personal or private interest in the activities of the organization. See Sections 1.501(c)(3)-1(d)(1)(ii) and 1.501(a)-1(c)(2) of the Regulations. Your organizational structure and manner of operation result in inurement to your team members/insiders whose private businesses are enriched through your business referrals.

Your home-buying workshops are conducted by five team members. These team members each offer services in their private businesses or profession to potential home buyers. Included in your five team members are two realtors, a real estate attorney, a banker and an insurance agent. Your team members not only conduct your workshops but they also are your founders and individuals with significant influence over the operations of your organization. Thus, there is an inherent conflict of interest between the members who control your organization and your home buying workshops which serves to promote the private businesses of your members.

Your operations serve a substantial non-exempt purpose of functioning as a referral service for the private businesses of your members/insiders. As evidenced by your website and blue brochure, your true aim is not public education but the promotion of the private businesses of your members/insiders. Your members are willing to equally fund all the expenses of your operations on a cooperative basis due to the benefits derived by their personal businesses. Since your formation, **you have acknowledged that a total of seminar participants have utilized the services offered by your members' businesses.** The economic benefits to your team members were not in the form of your earnings, but they were in the form of client referrals to their private business ventures. These benefits to the related for-profit members' businesses are deemed substantial because they directly profit those in control of your organization. Since the private benefits are conferred to members whom you have acknowledged are insiders with the authority to influence the decisions of your organization, the private benefits constitute inurement and bar you from exemption under section 501(c)(3) of the Code.

When your organization permits itself to function as a medium to enrich the private businesses of your insiders, you transgress the private inurement prohibition and operate for a nonexempt purpose similar to the organization described in American Campaign Academy v. Commissioner, supra. Approximately percent of your participants went on to utilize the services offered by your team members' private businesses. Because the prohibition of inurement is absolute, regardless of the number and extent of your business referrals, the benefits to the team members personal businesses caused your organizations to fail the requirements of section 501(c)(3) of the Code like the organizations described in Church of the Transfiguring Spirit v. Commissioner, supra, and Basic Bible Church v. Commissioner, supra.

The presence of a single non-exempt *purpose*, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes. Better Business Bureau of Washington D.C., Inc. v. United States, 326 U.S. 279 (1945). Like the Better Business Bureau of Washington D.C., Inc., you are furthering a substantial non-exempt purpose by providing private benefits to your founders. This single nonexempt purpose destroys your claim for exemption under section 501(c)(3) of the Code. While there may be an educational component to your activities, the benefits to the public are outweighed by the benefits to the related for-profit ventures to which you have directed business.

Like the organization described in International Postgraduate Medical Foundation v. Commissioner, supra, the related for-profit businesses of your insiders benefit substantially from the manner in which the activities of your organization are carried on. Therefore, you are not operated *exclusively* for exempt purposes within the meaning of section 501(c)(3), even if you do further other exempt purposes.

You are similar to the organization described in est of Hawaii v. Commissioner and Church by Mail, Inc. v. Commissioner, supra. By allowing A, B, C, D, and E to actively promote the products and/or services offered by their individual business ventures, your organization is providing a market for these products and/or services and operating in such a manner that A, B, C, D, and E benefit substantially from the operation of your organization.

You are very much like the organizations described in KJ's Fund Raisers, Inc. v. Commissioner and P.L.L. Scholarship Fund v. Commissioner, supra. In both of these cases, the organizations, through their operations, were benefiting or promoting related for-profit entities. In your situation, your activities directly promote the businesses of A, B, C, D and E and serve to help the members increase their client base. This is demonstrated by the fact that approximately 18 percent of the workshop participants went on to utilize the services offered by your members. The control exerted by your team members over your organization enabled their private business ventures to benefit from the affiliation.

You are similar to the organization described in P.L.L. Scholarship Fund v. Commissioner, supra, where the court found that the organization in question had a non-exempt purpose that was substantial in nature by promoting business at a lounge owned by two members of the board of directors, through the operation of bingo games. The promotion of the for-profit

businesses of A, B, C, D, and E through your operations is a non-exempt activity, and shows that a substantial purpose of your organization is not public education.

You are like the organization described in Sonora Community Hospital v. Commissioner, supra, in which the court ruled that the organization was operated to a considerable extent for the private benefit of the two founding doctors, rather than exclusively as a charitable organization. The fact that _____ percent of the workshop participants went on to utilize the services offered by your members/insiders demonstrates that your organization does functions as a marketing tool for services of the for-profit businesses of A, B, C, D, and E. This also shows that the workshop participants were made aware of the availability of the services of A, B, C, D, and E sometime during the workshops or through your promotional efforts. Hence, it is evident that you are operated to a considerable extent for the private benefit of A, B, C, D, and E.

In Salvation Navy v. Commissioner, supra, the tax court determined that the taxpayer was not operated exclusively for charitable purposes. The court determined that the benefits the taxpayer sought to obtain via a tax exempt letter would have inured to the individual. Also, it determined that the affairs of the taxpayer and the individual were irretrievably intertwined. This is similar to your organization in that the workshops provided by you are irretrievably intertwined with the services provided by A, B, C, D, and E. That is, the workshops you conduct serve as an avenue through which the services of A, B, C, D, and E can be marketed. Also, you are similar to the organization described in Salvation Navy v. Commissioner, supra, in that you have no formal budget or revenues. Your expenses are funded equally by your members.

You are very much like the organization described in Revenue Ruling 55-231 which promoted the private works of its incorporator. By allowing your members, A, B, C, D, and E, to promote the products and services offered by their individual businesses, you are providing an impermissible private benefit to your members/insiders and is not operated for exclusively for exempt purposes under section 501(c)(3) of the Code.

Similar to the organization described in Revenue Ruling 76-206, your activities benefit the related for-profit businesses of your team members and thus, profit your members/insiders in more than an incidental way.

Like the lawyer referral service organization described in Revenue Ruling 80-287, you do not qualify for exemption under section 501(c)(3) of the Code. Although your home buying workshops may provide some educational benefit, its principal purpose is to introduce workshop participants to the use of real estate professions in the hopes that they would enter into client relationships with your team members due to their experience in the real estate industry. Even with the changes were made to your website, it nonetheless, still highlights the experience of your members/insiders in the real estate industry.

Applicant's Position:

In your letter dated April 1, 2011, you provided that there is no intent for your team members to receive inurement through your organization. You also indicated that you do not solicit potential clients at the workshops conducted. You stated that because the individuals that conduct the workshops are professionals in their respective fields, **it is inevitable that sometimes the workshop attendees will contact the individuals and retain them for their respective services.** You indicated that this is an incidental result of your primary objective, and not a requirement of attendance at the workshops. You also claimed that promotion of business is not a substantial purpose of your organization.

Service's Response to Applicant's Position:

We assert that the manner in which you advertised and promoted the private businesses of your team members in your blue brochure and website demonstrates that your *true* purpose is not public education but rather the promotion of the private businesses of your members/insiders. Your members are willing to fund the expenses of your organization proportionally because they each have a private interest in your operations. Your organization structure lends itself to abuse. As shown by the fact that 75 percent of your workshop participants have gone on to utilize the services of your members' private businesses, we contend that inurement has already occurred. Hence, because the benefits are granted to members who control your organization, rather than being incidental, these private benefits are substantial. The prohibition of private inurement is absolute. You have transgressed the private inurement prohibition and therefore, is operated for a substantial non-exempt purpose.

Conclusion:

You conduct your home buying workshops in the hopes that the workshop participants would enter into client relationships with your members/insiders. The true purpose of your operations is to channel business to the private businesses ventures of your members/insiders. Your entire enterprise is carried on in such a manner that your insiders, A, B, C, D, and E and their personal businesses benefit substantially from your operations, resulting in inurement.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter.

We will consider your statement and decide if that information affects our determination. If your statement does not provide a basis to reconsider our determination, we will forward your case to our Appeals Office. You can find more information about the role of the Appeals Office in Publication 892; *Exempt Organization Appeal Procedures for Unagreed Issues*.

Types of information that should be included in your appeal can be found on page 2 of Publication 892, under the heading "Regional Office Appeal". These items include:

1. The organization's name, address, and employer identification number;
2. A statement that the organization wants to appeal the determination;
3. The date and symbols on the determination letter;
4. A statement of facts supporting the organization's position in any contested factual issue;
5. A statement outlining the law or other authority the organization is relying on; and
6. A statement as to whether a hearing is desired.

The statement of facts (item 4) must be declared true under penalties of perjury. This may be done by adding to the appeal the following signed declaration:

"Under penalties of perjury, I declare that I have examined the statement of facts presented in this appeal and in any accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct, and complete."

Your appeal will be considered incomplete without this statement.

If an organization's representative submits the appeal, a substitute declaration must be included stating that the representative prepared the appeal and accompanying documents; and whether the representative knows personally that the statements of facts contained in the appeal and accompanying documents are true and correct.

An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you during the appeal process. To be represented during the appeal process, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice Before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at www.irs.gov, Forms and Publications.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter to you. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to the applicable address:

Mail to:

Deliver to:
Internal Revenue Service

ATT:

ATT:

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely,

Robert S. Choi
Director, Exempt Organizations
Rulings & Agreements